

**GAO**

Report to the President of the United States, the President of the Senate, and the Speaker of the House of Representatives

June 1989

# THE PUBLIC SERVICE

## Issues Affecting Its Quality, Effectiveness, Integrity, and Stewardship





United States  
General Accounting Office  
Washington, D.C. 20548

Comptroller General  
of the United States

B-204941

June 6, 1989

The President  
The White House

The Honorable Dan Quayle  
President of the Senate

The Honorable James C. Wright, Jr.  
Speaker of the House of  
Representatives

Ensuring that the government has top-quality people to carry out the programs of the President and Congress is an issue that is not as visible as most. However, over the long term it may be more important. In our Transition Series report, *The Public Service*, we highlighted many of the problems affecting the quality and effectiveness of the public service. Many of these points were again emphasized in the recently released report by the National Commission on the Public Service, Leadership for America: Rebuilding the Public Service.

Title I of the Civil Service Reform Act of 1978 requires us to report to the President and Congress on the significant activities of the Office of Personnel Management and the Merit Systems Protection Board. To enhance the usefulness of our reporting in compliance with title I of the act we have taken this opportunity not only to report on the significant activities of these agencies but also to expand upon the issues we discussed in our transition report. In addition, we address issues relating to the integrity and stewardship of the public service.

We are sending copies of this report to the Acting Director, Office of Personnel Management; the Chairman, Merit Systems Protection Board; and the Director, Office of Management and Budget.

This work was done under the direction of Bernard L. Ungar, Director, Federal Human Resource Management Issues. Major contributors are listed in the appendix.

Charles A. Bowsher  
Comptroller General  
of the United States

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- strengthen the stewardship of the public service through more effective leadership by OPM in the area of human resources management and its administration of the civil service (p. 56).

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## Principal Findings

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### Assuring the Quality of the Public Service

The federal government's ability to maintain the quality of its workforce is affecting its ability to deliver services. It is hampered in recruiting and retaining qualified staff in such critical areas as air traffic control operations, the Social Security Administration's automated data processing operations, and the Environmental Protection Agency's (EPA) Superfund program.

A noncompetitive pay structure causes much of the difficulty in recruiting quality people to the public service. GAO has found that the pay survey used to determine average pay rates in the federal and private sectors is accurate but not used in setting federal pay.

The quality of the public service is also hampered by ineffective planning and the lack of sound information on workforce operations. Problems in workforce planning have been identified in the Federal Aviation Administration's (FAA) safety-related workforces and the EPA's Superfund workforce.

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### Improving the Effectiveness of the Public Service

Assuring an effective workforce requires competent and experienced leadership; yet the level of experience among the government's senior executives is in danger of being eroded due to compensation and morale problems.

A key factor that can contribute to an effective public service is better training and performance management. Yet GAO continues to identify inconsistencies in the training provided and problems in the government's pay for performance, performance appraisal, and other aspects of managing performance. Opportunities for enhancing agency performance through training were identified in several agencies.



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**Abbreviations**

ADP	automated data processing
AUO	Administratively Uncontrollable Overtime
BIA	Bureau of Indian Affairs
CSRA	Civil Service Reform Act
CSRS	Civil Service Retirement System
DOD	Department of Defense
DOT	Department of Transportation
EEOC	Equal Employment Opportunity Commission
EGA	Ethics in Government Act
EOP	Executive Office of the President
EPA	Environmental Protection Agency
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FERS	Federal Employees Retirement System
GSA	General Services Administration
HHS	Department of Health and Human Services
IPA	Intergovernmental Personnel Act
IRS	Internal Revenue Service
MSPB	Merit Systems Protection Board
NBS	National Bureau of Standards
NIST	National Institute of Standards and Technology
NSF	National Science Foundation
OGE	Office of Government Ethics
OPM	Office of Personnel Management
OSC	Office of Special Counsel
PMRS	Performance Management and Recognition System
PSC	Program Service Center
SBA	Small Business Administration
SES	Senior Executive Service
SSA	Social Security Administration
TVA	Tennessee Valley Authority

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As the federal agency primarily charged with executing the laws governing the federal civil service, and developing, administering, and enforcing civil service rules and regulations, OPM is responsible for assuring the systematic application of merit system principles. More specifically, OPM responsibilities include central examining and employment operations, personnel investigations, personnel program evaluation, executive development, and training. OPM also administers the retirement and insurance programs for federal employees, and exercises leadership in affirmative action. OPM policies apply to over 2.2 million civilian employees in the executive branch and certain agencies of the legislative branch and employees in the judicial branch. OPM helps these agencies carry out its policies while delegating certain personnel powers to agency heads.

The MSPB is charged with safeguarding the merit system and civilian federal employees against abuses and unfair personnel actions. It hears and decides employee appeals on agency actions to assure that these actions are consistent with merit system principles. These actions include employee removal, reduction-in-grade, and suspension. MSPB can on its own authority order corrective and disciplinary action against an employee or agency when appropriate. It can also conduct studies of the merit system to assure the health of the public service. OSC is responsible for investigating allegations of prohibited personnel practices and political activities. The Special Counsel may initiate disciplinary and corrective actions before the board when warranted.

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## Objective, Scope, and Methodology

Our objective in preparing this report is to summarize reports we have issued over the previous 2 fiscal years. These reports address issues affecting merit system principles as well as the administration of the public service. We identified issues affecting the quality, effectiveness, integrity, and administration of the public service. Our summary of these reports was done to enhance their usefulness to Congress and the new administration.

Title I of the CSRA of 1978 requires that we report to the President and Congress on the significant activities of OPM and MSPB. The act specifies that in reporting on significant actions of OPM, we include an analysis of whether the actions are in accord with merit system principles and free from prohibited personnel practices. The reports we have issued over the past 2 fiscal years discuss the effects of such significant activities

# Assuring the Quality of the Public Service

A quality federal workforce is essential if the complex and wide-ranging missions of government agencies are to be effectively accomplished. Civil servants perform such critical tasks as ensuring the safety of our environment and food, fighting illegal drug trafficking, providing accurate Social Security payments, ensuring the safety of over 1 million air travelers daily, and ensuring the stability and integrity of financial markets.

To carry out these missions, OPM, as the central personnel agency, and individual agencies must work together to attain a federal workforce that is highly skilled, qualified, motivated, and well managed. Achieving this quality in the public service requires

- effective recruiting and staffing,
- competitive pay and benefits, and
- effective human resources planning and sound workforce information.

Merit principles adopted by Congress in 1978 require that recruitment of employees should be from all segments of society. Using fair and open competition, selection and advancement of employees should be based on ability, knowledge, and skills. Once hired, employees should be used efficiently and effectively. Pay and benefits should be based on the principle of equal pay for work of equal value, with consideration being given to local and national rates paid by private employers, and with incentives and recognition for excellent performance.

A quality workforce does not just happen; achieving it has to be a conscious and continuing effort on the part of the federal government. Our work over the past 2 fiscal years has identified problems in the government's ability to attract and retain quality employees. Specific difficulties occur in these main areas: recruiting and staffing practices, the government's pay and benefits structure, and ability to plan for the types and numbers of people that are needed.

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## An Effective Recruiting and Staffing Process Is a Major Factor in Attaining Quality

Numerous factors affect the government's ability to recruit and retain quality people in the public service, one of which is its recruitment and hiring process. Our surveys of both personnel officers and personnel directors indicated that barriers to acquiring quality people are hampering agency hiring efforts. The Director of OPM described the problem when she said that the current system for hiring federal employees is "intellectually confusing, procedurally nightmarish, inaccessible to students, and very difficult to explain," as she announced OPM's new

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- What criteria will be used to evaluate candidates' civic virtue and moral character?
  - Will agencies be able to attract the best candidates without competitive pay?

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### Recruiting and Retention Difficulties Affect the Accomplishment of Agencies' Missions

In addition to the hiring process, other factors such as noncompetitive compensation affect the government's ability to recruit quality people. Noncompetitive compensation further exacerbates the problem by creating higher rates of turnover, which, in turn, create the need for more recruiting by federal agencies. Over the past 2 years, we have reported on personnel recruitment and retention problems that have had significant impact on the agencies' missions. In the Social Security Administration (SSA), the Internal Revenue Service (IRS), the Environmental Protection Agency (EPA), the National Science Foundation (NSF), and in scientific and engineering occupations, recruitment and retention problems were caused by inadequate pay, while in the Federal Aviation Administration (FAA) we reported on difficulties of recruiting and training new safety-related personnel.

#### SSA

In March 1987 we reported on how automated data processing (ADP) operations are crucial to the effective functioning of SSA.<sup>2</sup> Yet recruiting and retaining skilled ADP staff for SSA is significantly hindered by barriers of noncompetitive compensation and outdated OPM job standards and procedures for hiring. We reported that an inordinate amount of resources have to be spent to recruit and replace skilled employees who find more attractive job opportunities elsewhere after they have been trained by SSA. We recommended that SSA identify the number, type, and qualifications of ADP personnel needed and take steps to acquire the necessary skills.

#### IRS

In an initiative designed to generate additional revenue, Congress authorized IRS to hire additional revenue agents in 1986. In December 1987 we

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<sup>2</sup>Social Security Administration: Stable Leadership and Better Management Needed To Improve Effectiveness (GAO/HRD-87-39, Mar. 18, 1987).

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trailed private sector pay by 25 to 68 percent. The former Superfund employees we surveyed who took private sector jobs received a \$7,200 pay increase on the average.

### Scientists and Engineers

In February 1987, we reported on the effect of pay disparity between federal scientists and engineers and their counterparts in the private sector by examining attrition rates and recruiting difficulties in the federal scientific and engineering community.<sup>6</sup> Studies differ on the degree of correlation between pay and turnover but generally concur that in addition to pay, a variety of organizational, personal, and economic factors influence separation decisions.

Recognizing that a variety of factors affect separation decisions, we reviewed seven occupations and found that chemists had the largest overall pay gap but that their “quit rate” was the lowest. Conversely, clerk-typists and secretaries were among those with the smallest pay gaps but the highest quit rates. Federal white-collar workers had a lower quit rate than did those in the private sector. In a report to the Executive Office of the President, 10 agencies expressed concerns about the quality and quantity of people they were able to obtain, with 3 agencies citing slow federal hiring processes and a poor image of federal employment as recruitment difficulties.

We reported in June 1987 that NSF was experiencing recruiting problems at the Senior Executive Service (SES) level.<sup>7</sup> The agency did not maintain statistical data on candidates who declined offers or chose not to apply; therefore, evidence of these problems was limited to anecdotal information. NSF reported that the caliber of its scientific and engineering recruits was high but it was becoming harder to recruit these people. According to agency officials, top-quality candidates were reluctant to leave their research for federal administrative positions because the federal pay lagged behind salaries in the academic community. NSF also said it had increased its use of the Intergovernmental Personnel Act (IPA), which enabled it to attract individuals whose salary levels could not be met under the constraints of the government pay cap.

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<sup>6</sup>Federal Workforce: Pay, Recruitment, and Retention of Federal Employees (GAO/GGD-87-37, Feb. 10, 1987).

<sup>7</sup>Federal Workforce: Recruitment and Retention of Senior Executives at the National Science Foundation (GAO/GGD-87-87FS, June 4, 1987).

demonstration project in January 1988. In an April 1988 report, we found that personnel procedures had been revised while other changes were still in the developmental stage.<sup>9</sup> NIST is monitoring implementation of the project now to ensure that baseline data and evaluation plans are in place so that valid conclusions about the success of the project can be made. A final report will be issued in 1992.

In May 1988 we reported on the first demonstration project approved by OPM under authority granted by the CSRA.<sup>10</sup> Like the project at NIST, civilian recruitment and retention problems in the Department of the Navy were a major reason for the establishment of the personnel management demonstration project in July 1980 at two Navy laboratories in San Diego and China Lake, California. The project, designed to test an innovative pay schedule, was the first of its kind for the Navy.

We found that a pay for performance system with revised personnel processes to classify, appraise, and pay federal employees is workable. The project also showed that line managers could be given authority and responsibility for making personnel decisions—a factor the Navy considered essential in implementing the revised system. We concluded, however, that given the magnitude of missing data and the differences between the demonstration and control laboratories, no assessment could be made of whether the major outcomes cited by OPM were attributable to the change in personnel practices, to preexisting differences between laboratories, or to outside factors. To assure sufficient information on these experiments, we recommended to OPM that future personnel demonstration projects be carefully evaluated and fully documented. In addition, such evaluations should be closely monitored to ensure that they are implemented as designed, and alternative evaluation designs should be developed and implemented if there are problems in executing the original evaluation.

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<sup>9</sup>Federal Workforce: Information on the National Bureau of Standards Personnel Demonstration Project (GAO/GGD-88-59FS, Apr. 5, 1988).

<sup>10</sup>Federal Personnel: Observations on the Navy's Personnel Management Demonstration Project (GAO/GGD-88-79, May 3, 1988).

how to achieve more competitive federal salaries, given the constraints on federal salaries imposed during the previous several years. Under these circumstances, it would be very difficult to address the issue of executive salary comparability without addressing the issue of pay adequacy for the rest of the federal workforce.

An example of the executive compensation problem in the federal government was highlighted in a fact sheet we issued in April 1987.<sup>12</sup> We reported that some federal salaries exceeded the statutory limitation of Executive Level I for individuals who carry out the government's work. Some government organizations operate with funds provided by the users of their services. Other organizations carry out functions that are quasi-governmental in nature, such as the Federal Reserve Banks, and are not subject to legislation that establishes salary amounts for federal employees paid out of appropriated funds. We reviewed six quasi-governmental banking organizations that operated with nonappropriated funds. At these six organizations, 171 executives received salaries in 1986 that exceeded the then-existing federal government pay cap of \$86,200. On the basis of recommendations of outside consultants, the salaries were set to ensure that salaries were competitive with the private sector; they ranged from \$86,500 to \$250,000.

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### Methods of Comparing Federal and Private Pay Have Been Improved and Still Show Major Differences in Pay Levels

Frequent use of alternative pay rates in setting federal pay rates has caused General Schedule pay to fall significantly behind pay rates in the private sector. Economic concerns, as well as concerns about the rates determined by the federal pay comparability process, led to the use of alternative pay rates by past presidents. Changes in the process for setting federal salaries aimed at improving the accuracy of pay comparability determinations have been undertaken since 1984. In May 1987 we reported on these changes to the methods of comparing federal and private sector salaries.<sup>13</sup>

By law, unless the President proposes alternative pay rates and Congress agrees, white-collar employees' salaries under the General Schedule are to be adjusted each year to maintain comparability with private sector salaries for similar levels of work. Comparability amounts are determined by the President's Pay Agent (Directors of the Office of

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<sup>12</sup>Federal Pay: Executive Salaries in Government-Related Banking Organizations (GAO/GGD-87-68FS, Apr 30, 1987).

<sup>13</sup>Federal Pay: Changes to the Methods of Comparing Federal and Private Sector Salaries (GAO/GGD-87-8, May 14, 1987).

issues and provide overall direction to the implementation of the study. The bill did not, however, mandate that Commission membership be diverse as we recommended. The study called for in S. 552 would have analyzed the classification, grading, and pay-setting processes within and between the white-collar General Schedule and the blue-collar Federal Wage Grade System to determine whether distinctions between pay grades for federal jobs in executive agencies reflected substantial differences in the duties, difficulty, responsibility, and qualification requirements of the work done. We recognized that it was reasonable to focus on these 2 systems rather than trying to include all of the 60 or more federal pay systems within the study, since the 2 systems contained 83 percent of all federal employees.

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### Firefighter Pay and Overtime Pay for FBI Special Agents Illustrate the Complexity of Federal Compensation

The General Schedule system covers a wide variety of occupations in the federal government. While it provides a uniform pay and classification scheme it is also a complex system with many variations. The manner in which federal firefighters and special agents of the Federal Bureau of Investigation (FBI) are compensated for overtime illustrates the complexity of the current pay structure.

A federal firefighter's biweekly pay is a three-tiered amount consisting of base pay from the General Schedule, premium pay amounting to 25 percent of the base, and overtime for hours in excess of 53 per week. A proposal in Congress to set up a separate pay system and change the workweek for certain federal firefighters would have reduced the normal tour of duty from 72 to 60 hours a week and increased their hourly rate of pay by 12 percent. Because of the reduced workweek, about 95 percent of these firefighters would receive less total pay. In October 1987 we reported on an estimate, prepared by the Department of Defense (DOD), of the cost to implement the proposed new salary schedule for federal firefighters. We reported that while individual salaries would be reduced under the legislation, overall salary costs would be increased by \$26.8 million, or 12.8 percent, to pay for the additional personnel that would be needed. In addition, we included additional costs associated with hiring new firefighters (equipment, training, and benefits), which were not included in DOD's estimate.<sup>15</sup>

Overtime payments are also a significant part of the salary for FBI special agents. The FBI authorizes administratively uncontrollable overtime

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<sup>15</sup>Federal Compensation: Estimated Cost Of Proposed Change in Federal Firefighters' Workweek (GAO/GGD-88-2FS, Oct. 16, 1987).

Fringe benefits make up a significant portion of the federal employee compensation package. In June 1987 we reported on the government's practice of providing fringe benefits to federal employees while they are absent from work in a nonpay leave status. A nonpay leave status stems from personnel actions, such as leave without pay, furlough, suspension, or absence without leave.

Under the federal retirement systems, employees can receive up to 6 months of service credit while in nonpay status in each calendar year. Costs associated with this credit are borne entirely by the government; employee contributions for periods of unpaid leave are not required. While in a nonpay status employees are also relieved of their share of life insurance premiums. Health insurance, however, can continue if contributions are made by both the government and the employee.

The largest cost under this policy is for retirement credit, which is borne entirely by the government and which we estimated was potentially \$463 million in 1985. The government's share of health insurance premiums amounted to about \$63.3 million. Life insurance costs, which were shared by the government and working employees, were over \$12 million. We did not estimate the cost of the other benefits earned through severance pay and annual leave accrual. According to 1985 OPM records, the average number of employees in nonpay status at any time during the year was 58,513.<sup>18</sup>

One use of nonpay leave status is for parental leave. Parental leave is a combination of accrued or advanced annual or sick leave and/or leave without pay for employees who are new parents. In April 1987 we testified on our own parental leave policy. Our policy provides up to 26 weeks of unpaid leave so that parents can stay at home with a new child. We noted in our testimony that unpaid leave such as leave without pay, regardless of the reason taken, is not without some cost to the government.<sup>19</sup>

In 1986 FERS was established. It was mandatory for employees newly hired after December 31, 1983, and optional for those employees previously covered by the Civil Service Retirement System (CSRS). The new system had an open enrollment period for employees covered under CSRS who wanted to switch to the new system. Fewer federal employees than

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<sup>18</sup>Federal Workforce: Benefits Provided to Employees in Nonpay Status (GAO/GGD-87-92, June 26, 1987).

<sup>19</sup>Family and Medical Leave Act of 1987 (GAO/T-CRO-87-1, Apr. 2, 1987).

While FAA has made significant progress toward recovering from the 1981 air traffic controllers' strike, in May 1987 we testified and reported that serious problems remained in managing the air traffic control system because FAA subsequently had fewer controllers to handle considerably more traffic than it did before the strike.<sup>21</sup> We supported FAA's request to increase the controller and inspector workforces in fiscal year 1988. We expressed concern that FAA's fiscal year 1988 request did not reflect realistic maintenance staff needs.<sup>22</sup>

We testified in July 1987 that although the Department of Transportation (DOT) had announced new controller staffing targets,<sup>23</sup> DOT had not identified for Congress what level of service the proposed staffing levels could be expected to provide or what impact they would have on the traveling public and the aviation industry. Until this was done, we concluded, it would be difficult to determine the most appropriate size and composition of the controller workforce.

We testified in February 1987 that most controllers, supervisors, and managers rate the overall safety of the air traffic control system as adequate to excellent.<sup>24</sup> However, air traffic personnel at Chicago O'Hare International Airport control tower, which controls take-offs and landings at the airport, and the Chicago air route traffic control center, which controls aircraft enroute from or to the airport, expressed concerns with the size and composition of the controller workforce, controller work load, overtime, and training of new controllers. We concluded, in part, that the growth in air traffic, coupled with an inadequate number of controllers, was straining the existing controller workforce at many major facilities. Controllers have expressed concern that they were overworked and that the situation could eventually impair their ability to maintain the proper level of safety.

We reported in March 1986 that the controller workforce was being stretched too thin and that the situation could impair FAA's ability to maintain the proper margin of safety. We concluded that FAA could not quickly increase the number of controllers or provide new equipment to

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<sup>21</sup>FAA Staffing: Air Traffic Controllers' Work Load and Operational Performance (GAO/RCED-87-138FS, May 6, 1987).

<sup>22</sup>FAA Work Force Issues (GAO/T-RCED-87-25, May 7, 1987).

<sup>23</sup>FAA Air Traffic Controller Staffing and Related Issues (GAO/T-RCED-87-42, July 29, 1987).

<sup>24</sup>Aviation Safety in Airspace Controlled by Two Major FAA Facilities in the Chicago Area (GAO/T-RCED-87-2, Feb. 27, 1987).

A key step in workforce planning is determining which functions can be done in-house and which can be done by contractors. FAA was testing the possibility of using contractors in its maintenance program by setting up a pilot program to contract out maintenance work at selected air traffic facilities. We reported in April 1987 that FAA's design for the program provided a reasonable framework for testing contractor performance.<sup>27</sup> We also determined that even though FAA designed the test to have a minimum impact on the workforce, the test had some potential for accelerating attrition in FAA's maintenance workforce.

Problems in FAA's inspection program also illustrate the linkage between mission and workforce planning. We reported in May 1987 that, while deregulation had led to large increases in the number of airlines and aircraft requiring inspection, FAA had cut its inspection force and placed its emphasis on certifying new airlines rather than assuring that periodic inspections of existing airlines were done at an acceptable level.

Until 1985, FAA did not develop systems or standards for determining how many inspectors it needed on the basis of its inspection workload. We recommended that FAA revise its standards for the type and frequency of inspections, to take into account FAA's inspector staffing need estimates. FAA acknowledged certain program weaknesses and, among other things, has begun to increase the size of its inspector workforce and to establish minimum inspection standards to identify what inspections need to be performed and how frequently.<sup>28</sup>

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### SSA's Operations Are Affected by Workforce Planning Problems

The quality and timeliness of SSA's service to the public depend largely on how well its ADP systems operate. SSA uses automated systems to carry out most of its basic activities, such as maintaining almost 280 million Social Security earnings records, issuing Social Security numbers, and providing information to the Department of the Treasury to pay Social Security benefits.

We reported in March 1987 that SSA's lack of skilled personnel in its ADP functions and lack of a long-range plan to acquire that staff hamper its

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<sup>27</sup> Air Traffic System: Pilot Program to Contract Out Maintenance at Selected Facilities (GAO/RCED-87-104BR, Apr. 17, 1987).

<sup>28</sup> Aviation Safety: Needed Improvements in FAA's Airline Inspection Program Are Underway (GAO/RCED-87-62, May 19, 1987).

new approach in recruiting and hiring employees is meeting expectations of quality and merit and to make corrections if expectations are not met.

Recognizing the regular need for such information, we recommended in August 1988 that Congress authorize a continuing program to assess workforce quality.<sup>31</sup> We recommended that to accomplish such an assessment, a study of workforce quality should be done over time and should evaluate three elements: the entering workforce, changes in the workforce, and separations from the workforce. Data should be gathered through survey sampling of employees in selected occupations.

The assessment of workforce quality should include two basic concepts: the capabilities of the individual and the degree to which those capabilities meet the requirements of a specific job. We suggested methods of measuring these concepts as follows:

- To define and measure an individual's capabilities, we selected two sets of characteristics: (1) knowledge, skill, and ability; and (2) attitudes, values, and motivation. There are many types of data that can be used to show each of these, including education, training, test scores, and licenses as indicators of knowledge, skill and ability, and individuals' views as indicators of attitudes, values, and motivation.
- To measure the match between an individual and a particular job, we believe data should be obtained, at least initially, from ratings by both the individual employees and their supervisors.

Congressional need for authoritative data on the procurement workforce prompted our review of the availability of procurement workforce information. Reasons for needing workforce information included concerns over the possible lack of expertise and training among procurement personnel and the lack of authoritative information on which to base judgments or make recommendations for improving the civilian agencies' procurement workforce.

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<sup>31</sup>Federal Workforce: A Framework for Studying Its Quality Over Time (GAO/PEMD-88-27, Aug. 4, 1988).

was among the best in FAA, but it was underused and outdated and therefore needed refinement to improve the accuracy of its projections. We also found that FAA management needed performance data that identify where current staffing shortages are affecting maintenance accomplishments before these shortages result in more equipment failures. We recommended that FAA develop a staffing plan on the basis of authorized maintenance positions and that it review several options to deal with current shortages until replacements can be fully trained.

In May 1987 we reported on the need for FAA to develop adequate staffing standards for its inspector workforce because FAA did not know how many inspectors were needed or where they should be assigned.<sup>36</sup> FAA agreed with our recommendations and began to develop guidance so that staffing standards are related to types and frequency of inspections.

Like other aspects of human resource planning, effective affirmative action programs must be well-planned and implemented. The basis for effective planning is good data. In January 1987, we reported on how the lack of data was hampering SSA's affirmative action program.<sup>37</sup> In SSA the underrepresentation of blacks—especially black men—remained an issue in the SSA components and job series we reviewed. Some of the planned efforts aimed at improving the situation could not be satisfactorily monitored or evaluated because SSA did not compile and analyze Equal Employment Opportunity Commission (EEOC) required data.

We found that the affirmative action plans in the components we reviewed did not fully comply with EEOC affirmative action requirements. We also found that some elements of SSA's and its components' affirmative action plans had not been implemented. To bring SSA into compliance with EEOC requirements, we recommended that the Department of Health and Human Services (HHS) require SSA to take steps to improve its internal EEO program. HHS agreed with our recommendations to have SSA compile race and gender data on all internal applicants at each stage of the selection process to fill job vacancies and identify and reduce or eliminate artificial advancement barriers that adversely affect minority groups. HHS also agreed with us on the need for more

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<sup>36</sup> Aviation Safety: Needed Improvements in FAA's Airline Inspection Program Are Underway (GAO/RCED-87-62, May 19, 1987).

<sup>37</sup> Affirmative Action: Social Security Can Do More to Improve Blacks' Representation In Its Workforce (GAO/HRD-87-2, Jan. 1987).

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# Improving the Effectiveness of the Public Service

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The public service will be more effective in carrying out the complex and varied missions of the federal government if it is given competent and experienced leadership, provided effective training and development, and is held accountable and rewarded on the basis of its performance.

The major purpose of CSRA was to improve the effectiveness and accountability of the public service. This emphasis was reflected in the establishment of the SES and in requiring performance-based pay for managers and supervisors, as well as in the merit principles that emphasize the need for effectiveness in the management of the federal workforce. In addition, the merit principles require that employee pay contain incentives and recognition for excellent performance.

Merit principles call for improving performance through effective education and training. Under these principles, employees should be retained and inadequate performance corrected. Those employees who cannot or will not improve their performance to meet required standards should be separated. In the area of education and training, merit principles also require that employees be provided education and training in cases where better organizational and individual performance would result.

Our work over the past 2 years has identified problems in assuring an effective workforce because of difficulties in maintaining competent and stable leadership and in achieving effective performance through improved training and management.

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## Competent and Experienced Leadership Is Needed for the Public Service

Competent and experienced leadership is important for the development and maintenance of a quality public service. The public service faces critical challenges in the years ahead. These include improving recruitment and retention, strengthening training and development, and enhancing performance. To manage these challenges while effectively managing agency programs requires experienced and competent senior executives. We reported on how well the government's executive corps is functioning in several federal agencies. These reports discussed such topics as why SES members left their agencies or the government, trends in career and noncareer employee appointments, and rotation among SES members.

- About 65 percent of the respondents would advise or strongly advise someone beginning a career to choose the private sector. Only 13 percent would recommend public sector employment.
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## Noncareer Appointments Have Increased Since 1980

As we were reporting on the dissatisfaction by career SES members who left the SES because of the number of top management political appointees, and the accompanying political interference, we were also reporting on the growth in noncareer staff (political appointees) at senior levels in federal agencies. In two reports issued in July and August 1987, we provided information on trends in the career/noncareer mix of agency executives and in the number of Schedule C appointments (political appointees below SES level) using fiscal years 1980, 1983, and 1986 as benchmarks. In July 1987 we reported that in the executive branch, the number of noncareer SES members and Schedule C employees increased between fiscal year 1980 and 1986 and the number of career SES members decreased.<sup>2</sup> The number of Schedule C employees and non-career SES members increased 12.8 percent and 13.1 percent, respectively, while the number of career SES members decreased 5.3 percent. We computed the trends using data provided by OPM.

In August 1987 we also reported on career/noncareer appointment trends for the Departments of Commerce, Education, Health and Human Services, the Interior, and Justice by their subunits.<sup>3</sup> The appointment trends varied among specific subunits in each of the five departments. Four of the five departments had more Schedule C employees and SES noncareer appointees in 1987 than in 1980, and three departments had fewer SES career appointees. Also, central subunits, such as offices of the Secretary and Undersecretary and administrative offices, tended to have more noncareer employees than other subunits in each department.

In November 1986 we reported on the legality of political appointments at Interior's Bureau of Land Management.<sup>4</sup> We found that while political appointments had increased substantially since 1981 in the Bureau, the noncareer or political SES appointments that were made were legal

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<sup>2</sup>Federal Employees: Trends in Career and Noncareer Employee Appointments in the Executive Branch (GAO/GGD-87-96FS, July 8, 1987).

<sup>3</sup>Federal Employees: Trends in Career And Noncareer Appointments in Selected Departments (GAO/GGD-87-103FS, Aug. 7, 1987).

<sup>4</sup>Personnel Practices: Legality of Political Appointments at the Bureau of Land Management (GAO/GGD-87-21BR, Nov. 24, 1986).

information. As of May 1987, 15 of the 71 agencies that were contacted had granted 21 sabbaticals since the program began in July 1981. The most frequently cited reasons for the level of participation in the program were that additional SES members could not be spared for sabbaticals and that few SES members expressed interest in the sabbatical program. We also reported that about one-third of the participants left either the SES or the federal service within 3 years of completing the program.

OPM officials acknowledged that OPM's efforts to publicize the sabbatical program had been limited. In response to concerns that sabbaticals and other developmental programs were underutilized, OPM established an SES fellowship program that will provide financial assistance to SES members to cover nonsalary developmental expenses associated with sabbaticals and other developmental experience provided by law or regulation. We recommended that OPM assess the sabbatical program's contribution to the development and effectiveness of SES members and as an incentive for recruitment and retention. We also recommended that OPM define what would constitute an appropriate level of program use and determine what can be done to reduce the attrition by SES members who have completed the program.

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## Rotations

Another means of executive development is through a formal rotation program. Such a program allows an agency to place its executives where it believes they can best be used. In a rotation program an agency periodically reviews career SES positions to assess the need to reassign individuals according to some preestablished criteria. In December 1986 we reported on the extent to which executive branch agencies have either established or plan to establish a rotation program for SES members.

Four of the 63 agencies we contacted indicated past or current experience with a formal agencywide SES rotation program. Three of these agencies continued to have a program—the Defense Contract Audit Agency, EPA, and the Department of the Navy. Agencies gave a variety of reasons for establishing rotation programs, including the need to (1) maintain professional independence and objectivity, (2) prevent or preclude the appearance of a conflict of interest, (3) promote career and professional development and manager cross-training, and (4) improve the utilization of SES members.

The most common reason agency officials cited for not implementing an SES rotation program was that their agencies had too few SES members to

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Pay for Performance  
Problems Continue Under  
the Performance  
Management and  
Recognition System

Paying managers and supervisors in grades 13 through 15 on the basis of their individual performance was a major part of civil service reform. The system originally set up to do this was called Merit Pay. This system was subsequently modified by Congress in 1984 and is now constituted as the Performance Management and Recognition System (PMRS). In January 1987 we reported on the implementation of these legislative changes by OPM and in selected federal agencies.<sup>9</sup>

We found that OPM and the agencies lacked lead time to prepare for implementing PMRS because the law was signed approximately 1 month after it was to have become effective. During the initial months of implementation, OPM issued guidance and regulations that at times were untimely, inconsistent with the PMRS law, or unclear.

Despite the resulting confusion and various administrative difficulties, three of the four agencies from which we obtained data on how they provided their employees with general pay and merit increases and performance awards did so in accordance with the law. The fourth agency miscalculated the general pay increases for many of its PMRS employees, which could result in some of these employees receiving erroneous merit increases in future years.

Certain nonperformance-related factors that caused inequities under merit pay continued to exist in PMRS and were resulting in performance award amounts that varied considerably for employees with the same grades and performance ratings. It is possible that this problem might be solved as agencies gain experience under PMRS. However, as long as agencies must limit the funds to be made available for general pay increases, merit increases, and performance awards, it was not apparent to us how the effects of nonperformance-related factors, such as the distribution of ratings within an organization, could be overcome.

Because of the newness of the program, we made no recommendations regarding the operations of PMRS. However, we recommended that OPM issue guidance to clarify the formula for computing general pay increases to ensure that correct calculation of these increases occurs and future incorrect merit increases are avoided.

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<sup>9</sup>Pay for Performance: Implementation of the Performance Management and Recognition System (GAO/GGD-87-28, Jan. 21, 1987).

standards were not always communicated to employees in a timely manner and that employees were not always provided with performance feedback.

OPM and the agencies have done evaluations of performance appraisal systems and have identified deficiencies. However, local installations, where closer contact with the work and standards for doing the work exist, were generally not doing evaluations. We recommended that the four agencies ensure that local activities evaluate performance appraisal systems and correct deficiencies in order to improve the manner in which agencies monitor performance appraisal systems and evaluate their effectiveness. Such evaluations should pay particular attention to the types of deficiencies we found as well as those cited in other evaluations.

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### Agency Performance Can Be Enhanced Through Employee and Management Training

Our work over the past 2 years identified needed improvements in the area of training. We identified opportunities for improving agency performance through training at SSA, EPA, and FAA. In addition, we reported on the extent to which government executives, managers, and supervisors receive training.

In May 1987 we reported on improving the operational performance of SSA's Program Service Centers (PSC).<sup>12</sup> One method we identified was that of improving managerial training and accountability for performance. PSCs maintain most of SSA's historical files on 34 million beneficiaries receiving SSA benefits. They also administer claims for all SSA beneficiaries, except those living abroad and those under the age of 59 who are disabled.

Performance of the PSCs could be improved by increasing the accountability of PSC executives and managers for productivity improvement. We examined productivity at the SSA's six PSCs. We found, by analyzing SSA's own productivity reporting system, that there were variations in productivity among the PSCs. We reported on various means of improving productivity in lower performing offices, including managerial training and employee involvement. We found that managerial training was limited to such topics as orientation for new managers and basic supervisory concepts. Training was not done in (1) ways of improving productivity or in (2) identifying targets of opportunity by using

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<sup>12</sup>Social Security: Opportunities to Improve Productivity at Program Service Centers (GAO/GGD-87-54, May 22, 1987).

systems that will be introduced during the modernization of the air traffic system. The FAA Academy was unable to meet all requests for maintenance training in fiscal year 1988. In addition, through 1992 the Academy is scheduled to receive 31 new pieces of equipment. We will be examining the effect of the Academy's ability to provide training for new and existing systems in our ongoing review of FAA training programs.

A significant part of any agency's training effort is directed at its supervisors, managers, and executives. Management training in the federal government is the principal responsibility of agencies. OPM's approach is to leave the content and timing of training of executives, managers, and supervisors up to each individual agency. OPM has, however, prescribed some specific criteria for training SES candidates and incumbents. Annually, OPM requests agencies to provide data on federal employee training activities. We summarized the latest available information from OPM on the amount of short-term training received by federal executives, managers, and supervisors.

In November 1987 we reported that overall, 48 percent of all executives and 57 percent of all managers and supervisors received training annually over a 2- to 3-year period.<sup>16</sup> This is in contrast to OPM, the agency responsible for overseeing federal training efforts, where 37 percent of executives and 42 percent of managers received training. The average number of hours of training received overall was about 52 for executives and 46 for managers and supervisors. The average number of hours received by OPM executives was 36. For its managers and supervisors it averaged 45 hours—close to the governmentwide average of 46 hours.

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<sup>16</sup>Federal Workforce: Data on Training Received by Agency Executives, Managers, and Supervisors (GAO/GGD-88-18FS, Nov. 30, 1987).

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## Postemployment Conflict of Interest Requirements Can Be Better Administered

Application of the Ethics Act's postemployment conflict of interest provisions is governed in large part by how a former employee's agency has been "compartmentalized." Compartmentalization is the process by which agencies are divided into designated subunits for application of the 1-year no-contact restriction contained in the Ethics Act. The restriction prohibits former senior-level employees from contacting their former agencies on particular matters either before the agency or in which the agency has a direct and substantial interest. Agencies request OGE to designate certain of their positions as senior-level and therefore covered by the 1-year no-contact restriction.

In February 1987 we reported on the compartmentalization of agencies under the Ethics in Government Act and testified on this subject in June of the same year.<sup>1</sup> We reviewed the basis for and administration of (1) regulations that limit the application of certain conflict of interest restrictions to designated components of agencies and departments and (2) the application of regulations to the Executive Office of the President (EOP). The law governing postemployment conflicts of interest is contained in 18 U.S.C. 207, as amended by the Ethics in Government Act of 1978 (Public Law 95-521) and the 1979 amendments to that act (Public Law 96-28). This statutory authority for OGE to make subagency designations forms the basis for implementing regulations developed by OGE and issued by OPM. In December 1982 the Counsel to President Reagan requested the statutory compartmentalization of EOP into nine separate entities. OGE granted the request in March 1983, on the basis of its interpretation of 18 U.S.C. 207(e). In the absence of any explanatory analysis by OGE, we concluded that the descriptions of some of the nine entities within EOP did not themselves appear to establish conclusively that the EOP units exercise functions that are distinct and separate from one another. For example, the Counsel to the President's description of the National Security Council did not explain how that body is separate from the Office of the Vice President, since the Vice President is described as being a member of the National Security Council.

Subsequently, OGE concluded that the EOP designations were proper solely on the basis of the description of functions found in organic legislation for each of the components. We questioned whether a meaningful determination of the separability of functions exercised by EOP components can be made solely on the basis of a review of underlying statutory authorities.

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<sup>1</sup>Ethics Regulations: Compartmentalization of Agencies Under the Ethics in Government Act (GAO/T-GGD-87-21, June 25, 1987).

Justice prosecuted 2 of the 124 allegations, 1 of which resulted in a conviction under criminal laws relating to subjects other than conflicts of interest. The other was an open case. Justice declined to prosecute 107 of the referrals and had not decided whether to prosecute 13. The Inspectors General did not know the Justice Department's decision on two allegations. Agencies took administrative action (e.g., suspension or dismissal) on 22 allegations, including 16 of the 112 allegations, that were found to involve a possible criminal violation and were referred to the Department of Justice. A Justice official, in commenting on the enforcement of conflict of interest laws, said that additional options could be made available to prosecutors in handling conflict of interest violations. One option would be to amend the law to provide for misdemeanor penalties in addition to currently available felony penalties and agency administrative actions. A second option would be to provide for additional civil sanctions that might have a deterrent effect.

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### Attorney General Meese's Financial Disclosure Statement Did Not Comply With the Ethics Act

In August 1987 we reported and testified on our analysis of Attorney General Edwin Meese's 1985 financial disclosure report and Department of Justice and OGE's reviews of that report.<sup>4</sup> The Ethics in Government Act of 1978 and its implementing regulations require that an incumbent of a high-level executive branch position file a public financial disclosure report on or before May 15 of each year. It specifies that an individual receiving income from or holding an equity interest in a "financial arrangement" must disclose the assets and associated income unless the arrangement is an exempt trust. The incumbent's employing agency and OGE have equal reviewing responsibilities regarding financial disclosure reports.

We found that the former Attorney General did not disclose his partnership with Financial Management International, Inc., as required by the Ethics Act. Since the arrangement did not meet the requirements of one of the three types of statutorily exempt trusts, the investment should have been included on his financial disclosure form.

We concluded that while certain aspects of the disclosure form were questioned and corrected, neither Justice nor OGE obtained the required information about the partnership during their reviews of Mr. Meese's disclosure form. Justice excused disclosure of underlying assets of the

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<sup>4</sup>Ethics Enforcement: Filing and Review of the Attorney General's Financial Disclosure Report (GAO/GGD-87-108, Aug. 4, 1987); The Filing and Review of the Attorney General's Financial Disclosure Report (GAO/T-GGD-87-26, Aug. 5, 1987).

for DOD contracts that supported their subsequent work. We also found that 82 percent of former DOD personnel maintained business communications with DOD officials while working for a contractor; 45 percent of these communicated with former colleagues.

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### Office of Government Ethics Is Meeting Its Responsibilities

In April of 1988 we testified on our ongoing review of OGE operations.<sup>7</sup> The review focused on whether OGE was fulfilling its statutory responsibilities as provided in the Ethics Act. While we supported OGE's reauthorization, we found that OGE needed to assess the adequacy of existing regulations and to issue regulations governing confidential financial reporting among federal employees at grade GS-15 and below.

According to agency ethics officials, OGE had done a credible job in several areas, such as serving as an advisor and educator, as well as helping to solve potential conflicts of interest and systemic problems in agency programs. Most of these officials believed that ethics laws should provide civil as well as criminal sanctions for conflict of interest. OGE, we reported, had not always been able to review, as quickly as required, individuals' financial disclosure forms and agencies' ethics programs. Also, OGE's training and consulting services were well received, in strong demand, but in short supply. OGE attributes these conditions to limited staff size—27 people in total. We also noted that the upcoming presidential transition would likely strain even further OGE's ability to review disclosure forms and provide advice and consultation, while also continuing its regular oversight and advisory programs. In reauthorizing the program in 1988 Congress increased the size of OGE's staff.

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### Integrity of Administrative Systems Has Been Impaired

Merit principles require that employees maintain high standards of integrity, conduct, and concern for the public interest. Statutes and regulations governing the merit system establish systems and procedures that define specific requirements. Whether these requirements are adhered to can only be determined by examining the day-to-day operations within agencies.

Over the past 2 fiscal years we have reviewed a variety of administrative and personnel practices that affect the integrity of these systems in federal agencies. In addition we have provided information on how some of these systems are working. These reports have covered the detailing of employees to the White House; the propriety of personnel practices in

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<sup>7</sup>Issues Related to the Office of Government Ethics (GAO/T-GGD-88-29, Apr. 13, 1988).

the agencies reviewed, except the Department of State, routinely billed the White House for employees detailed for over 180 days in a year. In testimony we gave in May of 1987 we discussed the Small Business Administration's (SBA) detailing of three employees to the White House. SBA detailed three Schedule C employees to the White House Office of Presidential Personnel as of May 1987. We found that the three employees were not supervised by anyone at SBA, spent no time on SBA issues, and had no contact of a substantive nature with any SBA official or employee. SBA had not completed any performance appraisals for these employees, and performance standards had not been established. The duties for all three employees described by the White House differ significantly from the duties shown in SBA's position descriptions for the employees.

We said that although there are no specific prohibitions against detailing Schedule C employees to the White House or any agency other than the one to which the individual was appointed, the use of the Schedule C hiring authority exclusively for hiring a person for a detail to the White House is an inappropriate use of that authority. In addition, the White House had not reimbursed SBA for the services of two employees who had been detailed for more than 180 days and had not included these two employees in a required annual report to Congress. We concluded that these two problems were violations of the law—3 U.S.C. 112 and 113.

We reported in March 1988 on the detailing of federal employees from DOD to the White House. We found that the White House underreported the number of employees detailed from DOD. In addition, DOD did not bill the White House for employees detailed for more than 180 days in a fiscal year, nor did the White House reimburse DOD for such employees even though, according to DOD, some of the employees were performing White House functions. We also found that there was an inappropriate use of Schedule C appointment authority when DOD hired Schedule C employees for details to the White House. We recommended that the Director of OPM issue regulations prohibiting the detailing of Schedule C appointees within 90 days of appointment. OPM did not agree to our recommendation because it believed that such a requirement would be an obstacle to accomplishing administration tasks.

We also found that TVA's Office of Nuclear Power had employed an additional 25 persons under arrangements similar to the employing arrangements of TVA's Manager of Nuclear Power. We expressed our view that the employing arrangements for these 25 individuals were questionable.

### Integrity Issues Affect a Wide Variety of Programs and Systems

In addition to the issues already discussed, integrity concerns have been a factor in a number of other reports. During the previous 2 fiscal years we have issued reports covering the conversion of noncareer staff to career positions, the usage of sick leave by federal employees, the procedures for garnishing employee wages, the use of a program for rewarding employees for the reporting of integrity problems, and the application of leave-without-pay policies in the Department of Justice.

In assisting the House Committee on Post Office and Civil Service's Subcommittee on Civil Service with its oversight of the federal Merit System we have been providing summary statistical information from 60 executive branch departments and agencies on conversions of noncareer appointees to career positions for the period January 1, 1987, through February 28, 1989. Conversions include appointments of employees appointed to career positions of any grade from noncareer GS-12 positions or above, including the SES. For the period January 1, 1987, through June 30, 1988, agencies reported 356 conversions of noncareer personnel to career status. Nearly three-fourths of these conversions were competitive appointments.<sup>11</sup> (The term "competitive" refers to the legal authorities cited by the agencies to make the appointments, not the process used to fill the position.)

In February 1988 we provided information on the procedures for garnishing federal employees' wages. Garnishing an individual's salary generally means any legal procedure (court order) through which earnings of any individual are required to be withheld for the payment of any debt. We gathered available data on the extent to which selected federal agencies (1) garnish civilian employees' wages for commercial debt and the number of individual garnishment requests that have been honored and denied and (2) garnish civilian employees' wages for child support and alimony and the number of garnishment orders honored.

<sup>11</sup> Federal Employees: Appointees Converted to Career Positions, January Through September 1987 (GAO/GGD-88-31FS, Jan. 28, 1988); Federal Employees: Appointees Converted to Career Positions, October Through December 1987 (GAO/GGD-88-67FS, Mar. 25, 1988); Federal Employees: Appointees Converted to Career Positions, January Through March 1988 (GAO/GGD-88-100FS, June 24, 1988); Federal Employees: Appointees Converted to Career Positions, April Through June 1988 (GAO/GGD-88-131FS Sept. 30, 1988).

approval documentation or that its sick leave regulations were being followed. As a result of our review, GSA officials took actions to better assure that the required documentation is retained.<sup>13</sup>

A federal program designed to promote integrity by rewarding federal employees for reporting fraud, waste, and abuse has not been widely used. In December of 1987 we reported on our assessment of the effectiveness of the federal government's cash awards program for disclosures of fraud, waste, or abuse.<sup>14</sup> We reviewed the programs in the six largest federal departments and found that in five of the six departments the Inspector General offices had not granted cash awards since the program was extended in November of 1985. We found that there was a lack of convincing evidence to support or refute the program. In addition, the opinions of employees and Inspector General officials emphasize that factors other than a cash award are important in stimulating cost savings and cost avoidance disclosures. Accordingly, we were unable to conclude whether the program should be continued or modified. We did state, however, that if Congress should decide to extend the program, it may wish to consider (1) expanding the program to include nonfederal personnel, (2) allowing cash awards for disclosures that result in intangible benefits, and (3) clarifying that the program is to be implemented by all agencies.

In September 1988 we issued an interim report to a congressional subcommittee on the Department of Justice's policies for the granting of leave-without-pay and the consistency with which they are applied.<sup>15</sup> We reported that Justice's leave policies closely parallel the guidance contained in the Federal Personnel Manual issued by OPM. We also reported summary data on the 32 leave-without-pay cases we have reviewed to date. This is out of a total of 138 cases that we had identified in Justice Headquarters components.

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<sup>13</sup>Federal Personnel: Documentation for Sick Leave Used by Retiring GSA Employees Not Always Available (GAO/GGD-88-29, Jan. 7, 1988).

<sup>14</sup>Federal Workforce: Low Activity in Awards Program for Cost Savings Disclosures (GAO/GGD-88-22, Dec. 18, 1987).

<sup>15</sup>Federal Workforce: Information on Leave-Without-Pay at the Department of Justice (GAO/GGD-88-129FS, Sept. 12, 1988).

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- OPM's leadership role in addressing critical human resource problems and in preparing the government to meet future challenges,
  - personnel research and demonstration projects,
  - innovative human resource management practices in federal agencies,
  - employee suggestion systems and involvement programs, and
  - OPM's personnel management evaluations.

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### Serious Human Resource Problems Need to Be Addressed by OPM

In work that we completed during fiscal year 1988 we found that serious human resource problems are affecting federal operations. These include problems discussed earlier, such as recruiting and retaining quality people, employee compensation, workforce planning, and performance improvement. We found that because of changes in direction of OPM over the past 10 years, sustained attention has not been paid to resolving critical problems and preparing for future challenges.

OPM has recently begun to implement reforms designed to improve recruitment and deregulate the hiring process. These are important initiatives and with sustained attention can achieve lasting results. OPM must also address other important aspects of managing the government's human resources. These include strengthening workforce planning efforts, increasing assistance to agencies in improving performance management, and reinforcing its oversight and evaluation efforts. Further, OPM needs to improve its internal operations and deal with its serious employee morale problems. OPM did not concur with our findings because it believed any just assessment of its leadership would conclude that it has been successful in preparing the federal civil service for the human resource demands of the next century. We disagreed; we believe that the government is not well-postured to meet future challenges, in part due to a lack of effective OPM leadership.<sup>1</sup>

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### OPM Commitment to Personnel Research and Demonstration Projects Is Not Extensive

A principal means by which OPM can exercise leadership in the management of human resources is through its authority to initiate and approve research and demonstration projects. CSRA gave OPM the authority to implement and evaluate personnel management research programs and demonstration projects either directly or through federal agencies or other public or private organizations. A research program is a study of

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<sup>1</sup>Managing Human Resources: Greater OPM Leadership Needed to Address Critical Challenges (GAO/GGD-89-19, Jan. 19, 1989).

practices and on those practices that agencies believed contributed most significantly to improving agency performance.

Applications of practices that were most frequently identified as contributing significantly to improving agency performance included use of advanced training technology, organizational assessment, employee suggestion systems, workforce planning, automated personnel administration information systems, and providing dual career paths for specialists.

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## Employee Involvement Can Help Improve Agency Operations

OPM, through its regulatory and oversight efforts, can encourage innovation in the management of federal agencies. In our review of innovative personnel practices, agencies reported that employee suggestion systems contributed significantly to the improvement of agency operations. We reported in March 1987 on the effectiveness of the government employees' incentive awards program, through which employee suggestions are encouraged and recognized.<sup>4</sup>

The OPM regulations that govern the administration of the program (1) encourage agencies to provide the necessary resources and (2) establish effective promotion and publicity activities to encourage employee suggestions. Among the agencies we visited, however, wide variations existed in the level of management emphasis and resources devoted to the program. We recommended that the Director, OPM, identify all agencies not in compliance with the regulations and seek corrective action by reporting the findings to top agency officials.

Employee suggestion systems are just one element in involving employees in improving their organization's operations. In May 1988, we reported on what has been learned from the use of employee involvement programs in both the private sector and the federal government.<sup>5</sup> Employee involvement programs not only encompass suggestion systems, but also include survey feedback, quality circles, quality of work-life committees, job redesign, self-managing teams, and employee participation groups. We reported that there are two key ingredients for implementing a successful employee involvement program. There must be strong management support, and the organization should have a long-

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<sup>4</sup>Federal Personnel: Agencies Need to Make Greater Use of Employee Suggestion Programs (GAO/GGD-87-44BR, Mar. 17, 1987).

<sup>5</sup>Employee Involvement: Issues for Agencies to Consider in Designing and Implementing Programs (GAO/GGD-88-82, May 23, 1988).

Recently, OPM informed us that its Personnel Management Evaluation approach has been broadened to add more structure as a result of concerns expressed internally and externally.

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## OPM's Performance in Administering Civil Service Programs

In addition to providing leadership to the federal government in the area of human resource management, OPM also must administer a variety of compensation, employment, and benefit programs, as well as provide administrative services to federal agencies. Over the past 2 fiscal years we reported on OPM's performance in administering various programs. Our reports covered the following topics:

- Drug testing of federal employees,
- OPM background investigations,
- the implementation of FERS,
- OPM's management of the federal employees health benefits program, and
- health benefits information.

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## OPM Oversight of Federal Drug Testing Program Needed to Assure an Effective Program

OPM guidelines for establishing a drug-free federal workplace and HHS' companion technical guidelines concerning the operation of drug testing programs was the subject of testimony we presented on May 20, 1987. In the testimony we expressed concern that (1) agency interpretation of the guidelines may vary, resulting in the lack of uniform programs; (2) employee rights were not fully addressed; (3) no provision existed for continuing, centralized oversight; and (4) the cost of the federal drug testing program remained unknown.<sup>7</sup>

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## Better Management of Investigative Activities Needed

OPM's operation of a revolving fund to finance services that it provides to other federal agencies on a reimbursable basis was the subject of a report we issued in June 1987.<sup>8</sup> In establishing the fund, Congress required GAO to report on it once every 3 years. For fiscal years 1983 through 1986, we evaluated OPM's efforts to maintain revolving fund stability in its management of background investigations, one of the services financed through the fund.

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<sup>7</sup>Federal Employee Drug Testing (GAO/T-GGD-87-18, May 20, 1987).

<sup>8</sup>OPM Revolving Fund: Investigation Activities During Fiscal Years 1983 through 1986 (GAO/GGD-87-81, June 26, 1987).

The Federal Retirement Thrift Investment Board was established to set policy for investment and management of the thrift savings fund, to invest or provide for the investment and management of the thrift savings fund and the investment of fund assets, and to review the performance of investments made. Delays caused implementation of the thrift plan to be deferred from January 1, 1987, to April 1, 1987. Some agencies experienced difficulty in programming their payroll systems to handle employee and agency contributions to the thrift plan. We noted that employees of agencies unable to process contributions on a timely basis could lose interest earnings on contributions that could otherwise be made.

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**Better Regulation of  
Federal Employees Health  
Benefits Program Reserves  
Needed**

In March of 1987 we reported on OPM's management of the Federal Employees Health Benefits Program's reserves over a 7-year period.<sup>10</sup> We compared the reserve balances with targeted levels and identified the advantages and disadvantages for regulating reserves.

We found that the reserves had fluctuated widely from their targets, needing frequent and often substantial adjustments to keep them at or near the preferred levels. With the number of uncertainties inherent in estimating health care costs, we doubted that OPM and the plans could set premiums accurately enough to avoid these reserve fluctuations. Consequently, OPM needed to use the best means available to equitably adjust reserves. We recommended that the Director of OPM use future premium adjustments to regulate program reserves and avoid using refunds and benefit modifications as reserve adjustment strategies. OPM disagreed with our recommendation, believing that its Director should have the flexibility to use all three strategies in managing the program.

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**Employee Benefit  
Information Can Be  
Enhanced**

In September 1987 we reported on how well federal agencies meet their employees' needs for information on the various employee benefit programs.<sup>11</sup> We reported on the use of personalized benefits statements in some agencies and the accessibility of benefits information to employees in 23 agencies. We found that federal employee benefit information is scattered throughout thousands of pages of the Federal Personnel Manual, which has not been kept current by OPM.

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<sup>10</sup>Insurance Reserves: Strategies for Regulating the Federal Employees Health Benefits Program (GAO/HRD-87-10, Mar. 6, 1987).

<sup>11</sup>Federal Workforce: Information on Employee Benefits (GAO/GGD-87-112-FS, Sept. 3, 1987).

Our survey of representatives of six groups having experience with the case processing system indicated general satisfaction with the timeliness standards adopted by MSPB for adjudicating cases. While all groups were generally satisfied with the actual time it took regional offices to process appeals, not all groups were satisfied with the time it took the MSPB's headquarters to process petitions for review of regional office appeals decisions. We also learned that groups representing agencies' interests viewed the performance of MSPB's regional offices and headquarters more favorably than did the groups representing employee interests.

In October 1986 we reported on MSPB's San Francisco Regional Office procedures for awarding contracts for court reporting services.<sup>13</sup> We found that (1) MSPB generally awarded its court reporting contracts without considering the costs to other government agencies or individuals and (2) this procedure did not violate existing laws or procurement regulations as long as MSPB ensured that copies of tape recordings were available to appellants at a reasonable cost. We also determined that MSPB's court reporting for small purchase solicitations could be improved and recommended that MSPB revise future solicitations to ensure that all firms are able to submit informed quotes and to protect against unreasonable prices being charged to other government agencies and individuals.

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<sup>13</sup>Merit Systems Protection Board: Costs Considered in Awarding Court Reporting Contracts (GAO/GGD-87-9BR, Oct. 20, 1986).

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# Related GAO Products

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## Quality of the Public Service

FAA Staffing: Recruitment, Hiring, and Initial Training of Safety Related Personnel (GAO/RCED-88-189, Sept. 2, 1988).

Federal Workforce: A Framework for Studying Its Quality Over Time (GAO/PEMD-88-27, Aug. 4, 1988).

Tax Administration: IRS Service Centers Need to Improve Handling of Taxpayer Correspondence (GAO/GGD-88-101, July 13, 1988).

GAO Observations on OPM's June 1988 Initiative to Recruit and Hire Into the Public Service (GAO/T-GGD-88-48, July 12, 1988).

FAA Staffing: Improvements Needed in Estimating Air Traffic Controller Requirements (GAO/RCED-88-106, June 21, 1988).

Federal Workforce: Overtime Pay Practices of the Federal Bureau of Investigation (GAO/GGD-88-94, June 13, 1988).

Federal Personnel: Observations on the Navy's Personnel Management Demonstration Project (GAO/GGD-88-79, May 3, 1988).

Federal Workforce: Information on the National Bureau of Standards Personnel Demonstration Project (GAO/GGD-88-59FS, Apr. 5, 1988).

Federal Personnel: Views From Two Agencies on Why More Employees Did Not Join the New Retirement System (GAO/GGD-88-52FS, Mar. 11, 1988).

Tax Administration: IRS' Implementation of the 1987 Revenue Initiative (GAO/GGD-88-16, Dec. 2, 1987).

Procurement Personnel: Information on the Procurement Workforce (GAO/GGD-88-7, Nov. 5, 1987).

Superfund: Improvements Needed in Work Force Management (GAO/RCED-88-1, Oct. 26, 1987).

FAA Staffing: FAA's Definition of Its Controller Workforce Should Be Revised (GAO/RCED-88-14, Oct. 23, 1987).

Federal Compensation: Estimated Cost Of Proposed Change in Federal Firefighters' Workweek (GAO/GGD-88-2FS, Oct. 16, 1987).

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Federal Workforce: Pay, Recruitment, and Retention of Federal Employees (GAO/GGD-87-37, Feb. 10, 1987).

Affirmative Action: Social Security Can Do More to Improve Blacks' Representation in Its Workforce (GAO/HRD-87-2, Jan. 1987).

Health Insurance: Comparison of Coverage for Federal and Private Sector Employees (GAO/HRD-87-32BR, Dec. 31, 1986).

Federal Executive Pay (GAO/T-GGD-87-1, Nov. 1, 1986).

FAA Staffing: The Air Traffic Control Work Force Opposes Rehiring Fired Controllers (GAO/RCED-87-32BR, Oct. 9, 1986).

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## Effectiveness of the Public Service

FAA Staffing: Recruitment, Hiring, and Initial Training of Safety-Related Personnel (GAO-RCED-88-189, Sept. 2, 1988).

Senior Executive Service: The Extent to Which SES Members Have Used the Sabbatical Program (GAO/GGD-88-90, Aug. 4, 1988).

Senior Executive Service: Executives' Perspectives on Their Federal Service (GAO/GGD-88-109FS, July 20, 1988).

Senior Executive Service: Reasons the Candidate Development Program Has Not Produced More SES Appointees (GAO/GGD-88-47, Apr. 20, 1988).

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Because of the increasing number of options in the health and life insurance and retirement programs offered by the government, employees are often confronted with complex and difficult choices about program participation. Employees who are unfamiliar with the benefit program and/or cannot get timely answers to their questions may find it difficult to make informed decisions. Some federal and private employers use annual personalized benefit statements to make their employees more aware of their fringe benefits. We estimated the government's share of benefits costs to be about \$29 billion in fiscal year 1986. As recommended by the President's Council on Management Improvement, a benefits handbook published by OPM and made available to agencies' personnel offices could reduce the time agency staff spend answering employee questions and reduce frustration employees feel when they try to obtain current information.

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## MSPB's Performance Shows Improvement

Over the past 2 fiscal years we have completed two reviews of MSPB. We looked at the processing of employees' appeals, which has improved, and we also looked at the awarding of court reporting contracts by its San Francisco regional office, which we found to be proper.

Reorganization Plan No. 2 and CSRA established MSPB to hear federal employee appeals of agency actions, such as employee removal, reduction-in-grade, suspension, and retirement decisions for consistency with merit system principles and laws. At the time CSRA was passed, there was concern by both members of the executive and legislative branches that the old Civil Service Commission took too long to adjudicate employee appeals. To improve timeliness, CSRA required MSPB to publish a schedule for issuing decisions. Accordingly, MSPB established a 120-day standard for processing appeals in its regional offices and a 110-day standard for reviewing regional office decisions appealed to MSPB headquarters.

In August 1987 we reported on our review of MSPB's adjudication of federal employee appeals of agency personnel actions, which found that MSPB's timeliness of case disposition had improved.<sup>12</sup> The proportion of cases decided within the regional office and headquarters standards had increased significantly in recent years.

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<sup>12</sup>Merit Systems Protection Board: Case Processing Timeliness and Participants' Views on Board Activities (GAO/GGD-87-97, Aug. 20, 1987).

We found that a backlog of uncompleted investigations grew significantly from fiscal years 1982 to 1984 but then decreased through fiscal year 1986. This backlog apparently resulted because OPM did not hire or obtain enough investigators to keep current with agency requests for background investigations. As a result, OPM had to make rebates to agencies because of its inability to provide timely investigative services. In addition, agencies lose employee productivity while waiting for background investigations to be completed. We recommended that the Director, OPM, should provide the investigative activity authority to hire and maintain an investigator staff at levels that would improve the timeliness of background investigations and reduce the backlog to a manageable level.

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### The New Federal Retirement System Has Been Successfully Implemented

In March 1987 we testified on the implementation of the Federal Employees Retirement System (FERS) Act of 1986.<sup>9</sup> Three agencies were involved in the implementation of FERS: OPM, the Federal Retirement Thrift Investment Board, and SSA.

OPM is responsible for administering the basic annuity portion of FERS and has published regulations covering that portion of the system. We reported that OPM prepared instructional materials and training programs for agencies to use in counseling employees on the decision to switch to FERS. Agencies were expected to train 4,000 "decision advisors" to assist employees in making their choice. OPM also was involved in the preparation of a series of FERS information materials for employees, including pamphlets, videos, a workbook, and a computer program. The workbook and computer program were key items that took employees in the civil service retirement system through the steps necessary to determine whether they should switch to FERS.

While SSA had no direct role in the FERS implementation, it was an important source of information for employees who were considering transferring to the new retirement system. For employees to make informed decisions about the transfer, they needed to know their Social Security-covered earnings. SSA did not have the resources to quickly provide forms, instructions, and resources to the large number of employees that were expected to request earnings information. OPM subsequently agreed to fund the current procedure.

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<sup>9</sup>Implementation of the Federal Employees Retirement System Act of 1986 (GAO/T-GGD-87-10, Mar. 25, 1987).

term strategy that includes a readiness assessment that examines barriers to change, communication, training, and evaluation. We reported that such an approach helps ensure that practices that effectively tap the creativity and motivation of employees will become a permanent feature of organizational life.

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### OPM Evaluations of Agency Personnel Operations Are Not Seen as Effective by Agency Personnel Managers

Key to OPM's ability to provide effective leadership in the management of human resources is knowing what needs to be done. To do this it needs information on how well current policies are working and where improvements can be made. OPM uses personnel management evaluations to obtain this information. Until 1983, OPM's evaluation approach centered primarily on performing detailed case studies to assess agency compliance with laws, rules, and regulations. In October 1983 OPM revised its approach to emphasize the collection and review of governmentwide data to identify systemic federal personnel problems.

Whereas the former approach consisted of detailed reviews at about 200 agency installations each year, the revised methodology initially involved the compilation of computerized data bases from a variety of sources, and 1- or 2-day visits over a 5-year period, to all 4,100 installations with 50 or more employees. This methodology was subsequently revised in 1986 to cover only installations with 100 employees or more, which will account for 90-percent coverage of the federal workforce.

We reported in November 1987 on the revised approach OPM follows in doing personnel management evaluations of federal agencies.<sup>6</sup> We found that personnel managers at two of the nine agencies we contacted were satisfied with OPM's revised approach. These managers cited the increased number of installation visits and better communication with OPM as reasons for the satisfaction. At the other seven agencies, personnel managers expressed concern about the revised approach, saying that the Installation Assessment Visits were insufficient to make meaningful assessments of program conditions. As a result, they said, the feedback they received from OPM was of limited use.

OPM officials said that the program is an evolving one and that improvements must be made before OPM or agency managers will receive maximum benefit from the revised approach. More resources were allocated in 1988 to improve OPM's ability to implement the revised approach.

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<sup>6</sup>Federal Workforce: OPM's Approach for Conducting Personnel Management Evaluations (GAO/GGD-88-11, Nov. 4, 1987).

the operation of public management policies and systems; a demonstration project determines whether a change in personnel policies or procedures would improve federal personnel management. In our recently completed management review of OPM, we said that at least 70 percent of the personnel directors we surveyed did not believe that OPM had increased the quantity or improved the quality and dissemination of public management research information.

In September 1987 we reported on the personnel research programs and demonstration projects that OPM had either implemented or approved.<sup>2</sup> We reported that OPM had done two demonstration projects and one research program since CSRA's enactment. Most agencies we contacted indicated that resource constraints limited program participation. Many of the agencies believed that OPM could have taken a more active role in developing projects. We found that OPM may not have demonstrated an adequate commitment to research programs and demonstration projects and may not have assigned enough staff to adequately manage the program. In oral comments provided by OPM officials on our findings, they said that the principal reasons that agencies had not used the research and demonstration program more frequently were (1) the time and money needed to conduct such efforts and (2) the press of implementing other aspects of Civil Service Reform during the first years of the program.

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## Federal Agencies Are Experimenting With Innovative Human Resource Practices

The research programs and demonstration projects that have been undertaken have been major efforts directed at achieving systemic reform. There are, however, other means of improving public management. We reported in June 1987 on how federal agencies have taken steps toward improving the management of people.<sup>3</sup> To determine what types of improvements were being made in the management of federal employees, we inventoried innovative human resource management practices that agency officials reported using in 71 federal organizations employing about 92 percent of the executive branch's full-time, permanent civilian workforce. About one-third of these practices were introduced within the previous 5 years. We reported on how frequently agencies were implementing innovative human resource management

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<sup>2</sup>Federal Personnel: Status of Personnel Research and Demonstration Projects (GAO/GGD-87-116BR, Sept. 21, 1987).

<sup>3</sup>Human Resource Management: Status of Agency Practices for Improving Federal Productivity (GAO/GGD-87-61FS, June 16, 1987).

# Strengthening the Stewardship of the Public Service

Ensuring that the functions of government are carried out in a competent and effective manner is the reason for having a merit based public service. Achieving this goal has been a continuing thrust of civil service reform over the past 106 years. Since its establishment in 1883 the merit system that governs the federal service has undergone significant changes. The most significant of these were the reforms enacted in 1978. The implementation of these reforms by OPM and MSPB, as well as their stewardship of the public service, has been a significant area for our review.

Assuring that the merit system and the principles it stands for are maintained and strengthened is the responsibility of two agencies—OPM and MSPB. OPM is responsible for enforcing civil service laws and regulations and for administering civil service benefit programs. While OPM's role as administrator of the civil service is important, its mission is much broader. As envisioned in CSRA, its mission is to improve the government's performance by providing leadership and expertise in the management and development of the federal government's most valuable resource—its people. The MSPB has a different but equally important role, independent of OPM. It is responsible for safeguarding both the merit system and civilian federal employees against abuses and unfair personnel actions. Its main role is to assure the integrity of the public service through its oversight activities.

In addition to our regular reviews of OPM and MSPB activities, during the past fiscal year we have completed a special assessment of OPM's leadership role in managing the government's human resources since its establishment 10 years ago. Over the past 2 fiscal years, we also have reported on selected issues involving OPM's leadership in human resources management, its administration and oversight of civil service operations, as well as MSPB's handling of appeals and its contracting practices.

## OPM Needs to Enhance Its Leadership of Federal Human Resource Management

The Civil Service Reform Act envisioned a strong leadership role for OPM and specifically tasked the director with proposing policies to the President to promote an efficient civil service and the systematic application of merit principles. Our work over the past 2 fiscal years, in addition to a recently completed management review of OPM, has identified areas where OPM can enhance its leadership of the public service. Our reports covered the following topics:

We found that, generally, federal civilian employees and members of the Armed Forces were protected from garnishment of their wages for commercial debt because of the doctrine of sovereign immunity. An action to garnish a federal employee's wages is considered to be an action against the federal government and cannot be maintained unless sovereignty is waived.

A governmentwide waiver of sovereign immunity has been granted for enforcing child support and alimony obligations, i.e., domestic debts. In 18 of the 21 agencies we contacted, employers had their wages protected from garnishment for commercial debt. Three of the agencies we contacted have received general waivers of sovereign immunity. These were the Postal Service, the Federal Deposit Insurance Corporation, and Department of Housing and Urban Development employees paid from the Federal Housing Administration Fund.

All of the 21 agencies we contacted honored court orders for domestic debt garnishment. At the 15 agencies that could provide data on garnishment actions, the number of employees whose wages were being garnished for child support and alimony accounted for 1 percent or less of the agency's total civilian workforce. No data on the cost of processing domestic or commercial debt garnishment orders were available at the selected departments and agencies.<sup>12</sup>

Integrity issues cover not only conflict of interest and management actions in administrative matters but also the use of sick leave by federal employees. We developed information on the extent to which GSA employees used sick leave prior to retirement and how GSA was administering regulations governing the documentation of sick leave. We selected GSA for review because, according to OPM data, GSA employees had one of the highest rates of sick leave usage of all federal agencies in 1985 and had the largest portion of employees in that year with low or no sick leave balances.

We found that the required medical and approval documentation was not on hand to show whether the sick leave was properly authorized for about half of the instances of leave used by GSA employees in our sample. When documentation was on hand it basically met GSA requirements. Our review also showed that GSA's internal controls did not ensure that sick leave was supported by the required medical and

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<sup>12</sup>Federal Personnel: Garnishment of Wages for Commercial and Domestic Debts (GAO/GGD-88-49FS, Feb. 17, 1988).

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**Questionable Actions Have  
Been Taken by Agencies  
on Personnel Matters and  
in the Setting of Salaries  
for Top Managers**

At Interior's BIA and at TVA we reported on questionable management actions involving the propriety of various BIA personnel actions and the circumvention of salary limitations at TVA.

In May 1988 we reported on the propriety of selected personnel actions at BIA.<sup>9</sup> We reviewed selected personnel actions for 19 positions involving 12 employees identified by the House Committee on Interior and Insular Affairs. Although variations exist by grade and location, Indians occupy the majority of positions in BIA, including those at higher grade levels at BIA headquarters.

We found 8 improper personnel actions for 5 of the 12 employees at BIA headquarters. These were one improper waiver of the BIA rules requiring Indian preference in reassignments, one detail that violated Indian preference law, five instances in which details did not comply with applicable rules, and one instance in which the unwritten policy of advertising an SES position was not adhered to before Interior filled the position with a non-Indian. We recommended that the Secretary of the Interior take actions to prevent these problems from recurring. Additionally, we discussed our findings and the need for a personnel management review at BIA with OPM officials. They did a review of staffing practices at BIA headquarters and found instances of circumvention of Indian preference in order to select non-Indian candidates, as well as other irregularities in the use of temporary promotions and details. As a result of this review, OPM said it would expand its examination of personnel management at BIA to cover selected personnel issues on a nationwide basis during fiscal year 1989.

Circumventing the statutory salary ceiling by TVA was the subject of a report that we issued in October 1986.<sup>10</sup> We reported on certain employment arrangements that TVA had entered into under personal services contracts. We found that TVA's employment of its Manager of Nuclear Power under a personal services contract was questionable. We issued an advisory legal opinion stating that TVA's contractual arrangements with its Manager of Nuclear Power constituted improper use of a personal services contract and represented a circumvention of the statutory ceiling on salary payments to TVA employees.

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<sup>9</sup>Personnel Practices: Propriety of Selected Personnel Actions at the Bureau of Indian Affairs (GAO/GGD-88-81, May 17, 1988).

<sup>10</sup>TVA Nuclear Power: Management of the Nuclear Program Through Personnel Services Contracts (GAO/RCED-87-43BR, Oct. 24, 1986).

BIA; circumvention of governmentwide salary limitations by the Tennessee Valley Authority (TVA); conversions of noncareer personnel to career positions; the government's procedures for garnishing wages for the nonpayment of domestic debts; sick leave usage in the General Services Administration (GSA); and the use of disclosure awards for reporting fraud, waste, and abuse. We also reviewed an interim report on procedures for granting leave without pay in the Department of Justice.

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### Agencies Detailing Employees to the White House Have Not Followed Proper Procedures

Detailing of employees from one position or agency to another is an accepted and necessary personnel practice in the government. A detail is a temporary assignment away from a person's regular duties for a specified period, with the employee returning to his or her regular duties at the end of the detail. Over the past 2 fiscal years we have issued two reports and testified once on the detailing of federal employees to the White House.<sup>8</sup> Concerns have developed in Congress over this practice. In response to a congressional request we identified Schedule C and other federal employees who were detailed to five White House offices during fiscal years 1980 through 1985. We determined whether appropriate reimbursement for these detailees was made to the detailing agencies. Schedule C employees are excepted from the government's competitive appointment procedures because of their policy-making role or confidential working relationship with the agency head or top appointed officials.

Public Law 95-570 requires that the President report to Congress the number of employees detailed to five White House offices for more than 30 days in a fiscal year. It also requires the White House to reimburse detailing agencies for employees doing White House functions for more than 180 days in a fiscal year.

We reported in July 1987 that the President's annual reports to Congress have underreported the number of detailees from the 12 Cabinet level departments (excluding DOD) to 5 White House offices each fiscal year. We also reported that (1) the President's annual reports to Congress were misleading because they included as reimbursements funds that had been obligated for detailees but not spent; (2) the majority of agencies inappropriately used the Schedule C appointment authority to hire people exclusively for a detail to the White House; and (3) none of

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<sup>8</sup>Small Business Administration Employees Assigned to the White House (GAO/T-GGD-87-19, May 20, 1987); Personnel Practices: Detailing of Federal Employees to the White House (GAO/GGD-87-102BR, July 22, 1987); Personnel Practices: Federal Employees Detailed From DOD to the White House (GAO/GGD-88-33, Mar. 14, 1988).

partnership on the basis of Mr. Meese's characterization of the partnership as "blind." OGE officials did not question the partnership until it was called to their attention by the media. Justice and OGE were still reviewing the disclosure form when we completed our review.

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### Ethics Program at the Justice Department Is Missing Certain Required Elements

In July 1988 we reported on the ethics program at the Department of Justice,<sup>5</sup> and found that while the Justice ethics program contained many of the basic elements required by the law and regulations, certain required elements were missing. Justice had not periodically evaluated the ethics program, and not all the Justice components had provided formal ethics training. Justice allowed each departmental component to exercise considerable discretion in administering the program. As a result, the procedures established to implement the program varied among the eight Justice organizational components we reviewed. Unlike other executive branch agencies, Justice did not require any of its employees to file confidential financial disclosure reports.

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### Potential Exists for Conflict of Interest in the Defense Department

The potential for conflicts of interest in the defense area was the subject of an April 1987 report.<sup>6</sup> We reviewed the relationship between work DOD employees did and their subsequent work as a defense contractor's employees.

None of the information we developed was designed to identify specific statutory or administrative improprieties. However, we believe that the information shows that some individuals leaving DOD and going to work for defense contractors may give the appearance of (1) not having acted in the best interests of the government because they viewed a defense contractor as a potential employer, (2) taking advantage of insider contacts to the detriment of the government, or (3) influencing contract decisions to obtain later employment.

On the basis of a questionnaire to contractor employees who had formerly worked for DOD, we reported that of 5,100 former personnel who had left DOD during fiscal years 1983 and 1984 and obtained work with a defense contractor, 32 percent, or 1,632, (1) had DOD responsibilities that could have affected their subsequent employer, (2) worked on the same project that they had worked on while at DOD, or (3) had responsibilities

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<sup>5</sup>Ethics: The Department of Justice's Ethics Program (GAO/GGD-88-112BR, July 19, 1988).

<sup>6</sup>DOD Revolving Door: Post-DOD Employment May Raise Concerns (GAO/NSIAD-87-116, Apr. 16, 1987).

In the administration of the no-contact restriction, we found that OGE (1) relied on the agencies to request designation of components, which resulted in uneven application of the no-contact restrictions; (2) did not document how it reviewed agency requests for compartmentalization designation; and (3) published inaccurate lists of designations in the Federal Register. The Ethics Act authorizes the OGE Director to designate certain positions as senior-level positions subject to the no-contact restrictions if they involve "significant decision-making or supervisory responsibility." Because the Ethics Act provided no criteria for determining which positions fall below the specified grade levels, OGE established its own criteria. We found that while the process conformed to the intent of the Ethics Act, it has resulted in some inconsistencies in application.

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### Criminal Prosecution of Conflict of Interest Allegations Is Rare

In May 1987 we reported some preliminary information on the process by which alleged violations of conflict of interest laws are investigated and resolved.<sup>2</sup> Our review examined how alleged violations of conflict of interest laws, particularly 18 U.S.C. 207 and 208, were investigated by Justice and OGE at Interior and EPA. Several officials identified improvements that were needed in the criminal statutes and the enforcement process, such as a range of civil and criminal penalties that could facilitate prosecution of conflict of interest cases. Other suggestions included the need for (1) regulations to define key terms in the statutes; (2) better coordination among OGE, the Office of the U.S. Attorney, and Justice's Public Integrity Section on the referral and prosecution of cases; and (3) including reasons for declining prosecution.

In February 1988 we followed up with a report on the statistics we gathered on federal agencies' enforcement of the criminal laws involving ethical misconduct of federal employees.<sup>3</sup> We examined the actions taken on alleged violations of criminal conflict of interest statutes reported during calendar years 1985 and 1986. We selected 10 agencies for review and found that the agencies referred 124 allegations to Justice for prosecutive determination. Of those allegations referred, 112 were found by the Offices of Inspector General to involve a possible criminal violation of the conflict of interest laws.

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<sup>2</sup>Ethics Enforcement: Process by Which Conflict of Interest Allegations Are Investigated and Resolved (GAO/GGD-87-83BR, May 21, 1987).

<sup>3</sup>Ethics Enforcement: Results of Conflict of Interest Investigations (GAO/GGD-88-34, Feb. 19, 1988).

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# Enhancing the Integrity of the Public Service

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A quality public service needs the respect and confidence of the public. A major ingredient in achieving this respect and confidence is having public employees at all levels who respect the laws and regulations established to guide the actions of those in public service. Over the past 2 fiscal years we have reviewed issues related to compliance with the Ethics Act and merit principles.

Merit principles require that employees maintain high standards of integrity, conduct, and concern for the public interest. The Ethics in Government Act of 1978 was passed with the intent of preserving and promoting the accountability and integrity of public officials and the institutions of government.

CSRA, which passed the same year, codified merit systems principles and enumerated prohibited personnel practices. OPM, established as a result of CSRA, has within it the Office of Government Ethics (OGE), which was established by the Ethics Act. Public Law 100-598, enacted November 3, 1988, to reauthorize OGE, among other things, removed OGE from OPM and made OGE an independent agency effective October 1, 1989. OGE is responsible for (1) providing uniform, authoritative policy guidance on ethics matters within the executive branch, and (2) providing executive branch personnel with training and counseling on ethics issues. It also oversees the agencies' ethics programs. In our reviews of OGE we found that it was generally carrying out its responsibilities effectively.

Our work in the past 2 fiscal years has examined integrity issues in two key areas: (1) the conflict of interest provisions of the Ethics Act; and (2) the integrity of administrative systems, which have been compromised in several areas, such as the detailing of employees to the White House and improper personnel actions at the Bureau of Indian Affairs (BIA).

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## Conflict of Interest: An Area of Major Concern

Congressional concern over apparent conflicts of interest by present and former government employees resulted in several reports on various aspects of the issue. Over the past 2 years we have reported or testified on how the postemployment provisions of the Ethics Act have been administered, the limited number of criminal prosecutions of conflict of interest cases, the former Attorney General's financial disclosure statements, the ethics program of the Justice Department, the potential for conflict of interest in DOD, and the operations of OGE.

existing productivity data. We recommended that the Secretary, HHS, direct the Commissioner of SSA to take measures to strengthen management at the PSCs to achieve productivity improvements. Currently SSA is developing a system for identifying targets of opportunity for improvement. The system is being implemented in field offices but has not been expanded to the PSCs.

Superfund employees at EPA identified the need for more training to effectively carry out Superfund response actions, according to a survey done by us and a special study done by EPA. Superfund employees had mixed views on the training programs. While many employees were satisfied, many others identified problems in such areas as course content and delivery, management commitment to training, and time available to employees for training. EPA is developing a more structured and organized training program that, if fully implemented, should resolve most of these problems. Training funds budgeted for Superfund have been substantially increased.<sup>13</sup>

Training problems were one of a host of human resource management issues affecting FAA. We found that FAA needed to improve the training program for its maintenance and inspection workforces. We reported in May of 1987 on problems in the quality of training FAA safety inspectors receive, as well as FAA's ability to provide inspectors with necessary courses.<sup>14</sup> According to FAA internal reviews, the lack of inspector training and experience has contributed to incidents of ineffective surveillance and airline safety problems.

In September 1988 we reported that FAA had reduced its training backlogs in its initial training program for newly hired inspectors.<sup>15</sup> Requests for initial inspector training will continue to be backlogged, we said, because the FAA Academy's training capacity was limited to about 300 new inspectors a year. In an effort to standardize inspector training, over the next 2 years FAA will be implementing several changes in its training program. In addition to its inspection workforce, FAA is facing major challenges in providing training to both new maintenance technicians and the existing workforces, given the number of new electronics

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<sup>13</sup>Superfund: Improvements Needed in Work Force Management (GAO/RCED-88-1, Oct. 26, 1987).

<sup>14</sup>Aviation Safety: Needed Improvements in FAA's Airline Inspection Program Are Underway (GAO/RCED-87-62, May 19, 1987).

<sup>15</sup>FAA Staffing: Recruitment, Hiring, and Initial Training of Safety Related Personnel (GAO/RCED-88-189, Sept. 2, 1988).

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## Performance Management Is the Link Between Individual and Organizational Performance

Performance management is a series of planned personnel management actions directed toward improving organizational performance through the effective use of employees. In our management review of SSA we reported in March 1987 on problems in the area of performance management.<sup>10</sup> We found that SSA had not devoted sufficient attention to improving its operational efficiency, and managers were seldom held accountable for poor performance in this area. While SSA employees were satisfied with many aspects of their work environment, we found that many employees and mid-level and senior managers lacked confidence in certain aspects of SSA's programs for recognizing high-quality performance or ideas for improvements. Among employees, 25 percent indicated that they had received inadequate verbal or written feedback on their job performance from their supervisors. Among SSA senior executives, 39 percent we interviewed felt that SES performance bonuses were not awarded to the most deserving people.

If performance is to be managed effectively, it must first be measured accurately. Effective performance appraisal systems are a critical component in achieving this goal. The results of employee performance appraisals serve as the basis of a host of other personnel actions, such as training, rewarding, reassigning, promoting, demoting, retaining, and removing employees. In June 1987 we reported on our review of the implementation of performance appraisal systems for Federal Wage System (blue-collar) employees in four agencies: Air Force, Army, Navy, and the Veterans Administration.<sup>11</sup> These four agencies employed approximately 80 percent of the government's blue-collar employees at the time of our review.

As in past reviews we found problems with employee performance standards. Objective performance standards are the cornerstone of an effective performance appraisal system. It is the performance standards against which an employee's performance is judged. We analyzed the standards contained in 84 performance plans applicable to 5,843 employees and found that problems existed in one or more of the standards in 54 of these plans. For example, we found standards that were not clearly stated, did not distinguish among all levels of performance, or were based on uncontrollable external factors. We also found that

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<sup>10</sup>Social Security Administration: Stable Leadership and Better Management Needed to Improve Effectiveness (GAO/HRD-87-39, Mar. 18, 1987).

<sup>11</sup>Blue-Collar Workers: Appraisal Systems Are in Place, But Basic Refinements Are Needed (GAO/GGD-87-72, June 18, 1987).

make a rotation program practical. The second most frequently cited reason was that their SES members were too specialized or technically oriented to move to other positions.<sup>7</sup>

In October 1987 we reported on the Navy's SES rotation program, which the Secretary announced in August 1985.<sup>8</sup> Our review assessed how the program was implemented and communicated to senior executives. We found that the Navy could have done a better job of informing members about the program when it was announced. The Navy began the rotation program before providing SES members with information on how it would be implemented. As a result, SES members knew of the rotation program but were not informed of its details for almost 1 year. Nearly half of the SES members who responded to our survey were opposed to the rotation program. It should be noted, however, that our survey was mailed before the Navy distributed information on how the program was to work. We recommended that the Navy, in its evaluation of the rotation program, should address the concerns identified in our report. Following its evaluation, the Navy cancelled the rotation program on November 5, 1987.

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## Performance Management and Training Are Important to Attaining an Effective Public Service

A high quality public service is one that is focused on improving its performance through training and better management of its resources. A major thrust of recent civil service reforms and the continuing responsibility of OPM is improving the performance of the federal workforce. In the past 2 fiscal years we have reviewed systems in selected agencies that are directed at improving the performance and accountability of the public service. We reviewed the implementation of a revised pay for performance system for federal supervisors and managers, performance appraisal systems for blue-collar workers, aspects of performance management at SSA, and training activities at EPA and FAA that are aimed at improving performance.

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<sup>7</sup>Senior Executive Service: Agencies With a Senior Executive Service Rotation Program (GAO/GGD-87-22FS, Dec. 3, 1986).

<sup>8</sup>Senior Executive Service: Implementation of the Navy's Program to Rotate Career SES Members (GAO/GGD-88-4, Oct. 5, 1987).

because their number did not exceed the limitations of CSRA. We also found that of the 14 political appointees, 10 were Schedule C and 4 were noncareer SES members as of September 30, 1986. The report also contained information on the number and background of the Bureau's most recent political appointees.

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Programs for Identifying  
and Developing Executives  
Were Underutilized

The identification and development of executives and the effective use of current executive resources are elements in maintaining the quality of the public service. During the past 2 fiscal years, we reported on executive development activities and SES rotational programs.

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Executive Candidate  
Development Program

In April 1988 and March 1987, we reported on the Executive Candidate Development Program in six agencies—the Departments of Agriculture, Health and Human Services, and the Interior; EPA; the Office of the Secretary of Defense; and the Veterans Administration.<sup>5</sup>

The Candidate Development Program has not been a major source for SES appointments, according to departmental officials, primarily because its candidates have not had the technical skills that the SES appointing officials sought. We found that the six agencies have not made a commitment to using the program as an SES source and that OPM—the agency responsible for administering the program—has done little to encourage such a commitment. In our management review of the SSA, we found that its candidate development program was inadequate to provide enough highly qualified SES managers for the future.

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Sabbaticals

Executive development does not end with selection into the SES. CSRA provides for sabbaticals for SES members as a means of continuing their development. A sabbatical is time off with pay to pursue activities that are beneficial to both the government and the employee. We reported in August of 1988 on how many SES members have taken sabbaticals and the positions to which SES members returned when the sabbaticals were completed.<sup>6</sup> We contacted all of the 71 executive branch agencies that had at least one career SES member as of September 1986 to obtain this

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<sup>5</sup>Senior Executive Service: Reasons the Candidate Development Program Has Not Produced More SES Appointees (GAO/GGD-88-47, Apr. 20, 1988); Social Security Administration: Stable Leadership and Better Management Needed To Improve Effectiveness (GAO/HRD-87-39, Mar. 18, 1987).

<sup>6</sup>Senior Executive Service: The Extent to Which SES Members Have Used the Sabbatical Program (GAO/GGD-88-90, Aug. 4, 1988).

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## Agencies Are Having Difficulties Retaining Career Executives

The level of experience within the government's senior executive corps is in danger of eroding. Significant turnover among the members threatens to affect the continuity and institutional memory needed to resolve various administrative and programmatic problems. Over the past 2 years, we have reviewed issues relating to the retention of career members of the SES.

In January 1987, August 1987, and July 1988, we reported on the difficulties federal agencies are having in retaining career members of SES.<sup>1</sup> We surveyed SES members who left their positions in fiscal year 1985, to determine the most important reasons given for leaving SES. We also surveyed SES members who were serving in 1987, to determine their career plans, characteristics, and opinions regarding their federal service. In August 1987 we reported that in fiscal year 1985, 615 career SES members left SES; these constituted 9.9 percent of the average SES membership. The majority of respondents who left SES took another paid position in business, industry, or consulting. Nearly half reported increases in their salaries.

Former SES members noted a wide variety of reasons for leaving the SES. The reasons were either agency specific, such as dissatisfaction with top management and dissatisfaction with political appointees, or governmentwide reasons, including frustration with proposed and actual changes to their compensation and too few bonuses available.

Dissatisfaction among current executives in the SES was reflected among a representative sample of 348 SES members we surveyed in 1987. Generally they expressed a high degree of satisfaction with their jobs and what they did for a living. However, they also expressed some dissatisfactions:

- Ninety percent were dissatisfied with the perceptions of federal employees by the press, politicians, and the public.
- Sixty-five percent cited dissatisfaction with several compensation-related issues, such as low salaries, proposed and actual cuts to benefits programs, and perceived inequities in SES bonus distributions.
- About one-third to one-half of the respondents were interested in leaving the SES.

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<sup>1</sup>Senior Executive Service: Answers to Selected Salary Related Questions (GAO/GGD-87-36FS, Jan. 9, 1987); Senior Executive Service: Reasons Why Career Members Left in Fiscal Year 1985 (GAO/GGD-87-106FS, Aug. 12, 1987); Senior Executive Service: Executives' Perspectives on Their Federal Service (GAO/GGD-88-109FS, July 20, 1988).

data on skills development activities so as to aid the mobility of targeted minority group members.

HHS did not agree with our recommendation to have SSA integrate the organizationwide affirmative action plan into SSA components' plans, because it said the plans are already integrated. However, HHS did not provide any evidence to support its contention.

HHS also disagreed with our recommendation that SSA components should provide more information in their annual accomplishment reports. According to HHS, the reports contain sufficient information to determine if affirmative action goals and objectives were achieved. However, we disagreed with HHS because SSA's reported data on affirmative action accomplishments for headquarters components were not fully compatible with SSA-wide data. To be fully integrated, the same overall goals, objectives, and plans for action at the SSA-wide level must cascade down to the SSA components.

The soundness of staffing information was the focus of our review of staffing needs within Interior's Office of Surface Mining's Solicitor's Office. Our examination disclosed conflicting judgments regarding the sufficiency of personnel to handle the caseload. Office of Solicitor officials believed that additional staff could not have been productively used in fiscal year 1986 to work on surface mining-related activities. Conversely, former Office of Solicitor managers believed that additional staff should have been hired to more aggressively reduce the surface mining caseload. In our review we found that surface mining-related caseload statistics maintained by the Office of the Solicitor did not provide conclusive evidence to support or refute either of these positions.

Our analysis of caseload statistics maintained by the Office of Solicitor, at the time fiscal year 1986 staffing decisions were being made, revealed numerous errors. Consequently, reports based on these statistics often overstated accomplishments.<sup>38</sup>

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<sup>38</sup>Surface Mining: Office of the Solicitor Fiscal Year 1986 Staffing Needs (GAO/RCED-87-140BR, May 27, 1987).

Our November 1987 report illustrates why good workforce information is necessary.<sup>32</sup> We reported that the availability and adequacy of published data that could be used to determine the condition of the procurement workforce were limited. We found that a formal definition of the procurement workforce did not exist until the Office of Federal Procurement Policy and the Federal Acquisition Institute defined it in response to our draft report. Further, information maintained by the Federal Acquisition Institute at the time of our review did not identify all personnel included in the procurement workforce as it was then defined; included employees who were not part of the procurement workforce; and did not include certain information on workforce personnel, such as their training and experience.

The need for sound workforce information at the agency level was highlighted in three reports we issued on FAA. In October 1987, we reported on the need for FAA to be more accurate in defining the controller workforce because the current definition used for budgetary purposes was creating staffing difficulties and could have adversely affected air traffic control efficiency.<sup>33</sup> We recommended that the definition of the controller workforce include only those responsible for separating and controlling air traffic.

Valid staffing standards are the foundation for developing a credible workforce planning effort. In June 1988 we reported that staffing standards are critical for FAA to determine how many controllers it needs.<sup>34</sup> Standards had not been validated and fell short of accurately reflecting FAA's controller staffing needs, particularly for peak traffic periods, and assuring an adequate training pipeline. We recommended that FAA revise its staffing standards to more accurately reflect controller work load and field conditions and to develop a validation process to ensure that its standards are accurate and current.

In September 1987 we reported on the need for FAA to refine staffing standards for its maintenance workforce.<sup>35</sup> The maintenance standard

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<sup>32</sup>Procurement Personnel: Information on the Procurement Workforce (GAO/GGD-88-7, Nov. 5, 1987).

<sup>33</sup>FAA Staffing: FAA's Definition of Its Controller Workforce Should Be Revised (GAO/RCED-88-14, Oct. 23, 1987).

<sup>34</sup>FAA Staffing: Improvements Needed in Estimating Air Traffic Controller Requirements (GAO/RCED-88-106, June 21, 1988).

<sup>35</sup>FAA Staffing: Challenges in Managing Shortages in the Maintenance Workforce (GAO/RCED-87-137, Sept. 25, 1987).

modernization program.<sup>29</sup> The number of present and future shortages, however, was not known because SSA had insufficiently analyzed the number of staff and skill levels needed to implement its systems modernization plan and maintain the current system.

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### Superfund Staffing Affects EPA's Performance

We reported in October 1987 on the shortage of skilled personnel in EPA's Superfund program.<sup>30</sup> According to EPA employees, the Superfund program was understaffed by about 600 full-time employees. These shortages, according to program managers, result in delays in carrying out response actions, limited oversight of contractors and state activities, and dependence on contractors for assistance.

We also found that EPA's Superfund workforce planning needed to use more objective means of determining staffing needs. EPA relied on managers' judgments of the time required to carry out various activities to estimate Superfund's staffing needs. EPA did not routinely collect historical data on time spent on various Superfund activities to support these estimates. In addition, EPA needed to use productivity measures to gauge the appropriateness of Superfund's workforce size and skill mix.

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### Effective Planning Requires Sound Information

To be effective, human resource planning requires sound information upon which to base decisions, both for governmentwide and agency purposes. Information key to any planning effort should be tied to workforce quality as well as to skill levels and work loads. The need for better workforce information both governmentwide and within specific agencies has been identified in several reports that we have issued over the past 2 fiscal years. Governmentwide, we reported on the need for information relating to the quality of the workforce. At FAA, SSA, and the Department of the Interior, we reported on the need for information relating to managing the workforce.

The quality of the federal workforce has been the focus of two recent reports. In one, we reported on it as a governmentwide issue, and in the second we reported on it as it relates to the procurement workforce. OPM has initiated a study of the quality of candidates hired under its new recruiting initiative. It plans to use the information to determine if the

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<sup>29</sup>Social Security Administration: Stable Leadership and Better Management Needed To Improve Effectiveness GAO/HRD-87-39 Mar. 18, 1987).

<sup>30</sup>Superfund: Improvements Needed in Workforce Management (GAO/RCED-88-1, Oct. 26, 1987).

reduce their work load, leaving it only two choices: Continue to stretch the controllers, or limit air traffic. We recommended limiting air traffic, thereby tailoring air traffic to the capabilities of its air traffic controllers. In the fall of 1988 FAA began to curtail air traffic activity at O'Hare airport and had continued to do so as of February 1989.

Hiring back those controllers fired in 1981 was proposed as a solution to FAA's controller staffing problems. In October 1986 we reported that about 60 percent of the present controllers, supervisors, and staff, and 85 percent of the air traffic control facility managers were opposed to rehiring any of the fired controllers. We also determined that (1) about 58 percent of the present workforce believed that rehiring some fired controllers would have a negative impact on morale, (2) 95 percent of the fired controllers who were surveyed were employed at jobs paying them less than if they were working as FAA controllers, and (3) over 90 percent of those fired were interested in returning to FAA as controllers.<sup>25</sup>

Nationwide, FAA experienced an increase in the number of flights delayed from equipment failures. We reported in September 1987 that between 1985 and 1986, flight delays from equipment failures increased 22 percent more than total delays increased.<sup>26</sup> Staffing shortages at many FAA facilities have caused scheduled maintenance shifts to go unstaffed. In addition, the number of FAA specialists who maintain and repair air traffic equipment had decreased faster than projected, and technician shortages were beginning to negatively affect equipment performance and other operational areas, such as the completion of routine maintenance. We found that unless FAA hired in anticipation of attrition, it expected staffing shortages to become more critical because of (1) the impending eligibility of many technicians for retirement, (2) extensive training required to develop replacements, and (3) delays in the installation of new systems designed to reduce maintenance requirements. We recommended that FAA develop a staffing plan and consider options to deal with the current staff shortages until replacements could be fully trained. During fiscal year 1989, FAA plans to develop projections for the next 3 to 4 years that will address staffing needs and near-term alternatives for managing the current staff shortages.

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<sup>25</sup> FAA Staffing: The Air Traffic Control Work Force Opposes Rehiring Fired Controllers (GAO/RCED-87-32BR, Oct. 9, 1986).

<sup>26</sup> FAA Staffing: Challenges in Managing Shortages in the Maintenance Workforce (GAO/RCED-87-137, Sept. 25, 1987).

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anticipated who are covered under CSRS opted to join the new system. In March 1988, we reported views of officials in two agencies on why more employees did not join FERS. The main reasons cited were:

- Employees who planned to make the federal government a career believed that CSRS provided greater benefits than FERS.
- Some employees did not trust some aspect of the design or stability of FERS.
- Employees could not afford to contribute to the thrift plan component of FERS.
- Employees were waiting for Congress to change the FERS provisions.
- FERS was too complex for employees to understand.<sup>20</sup>

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## Effective Planning and Good Information Are Key to Attaining a Quality Workforce

Merit principles require that federal employees be used effectively and efficiently. If this is to be achieved, federal managers must know how many and what types of people they need to accomplish their programs' objectives. Linking mission accomplishment with personnel requirements requires good planning systems and sound workforce information. While OPM can have a significant leadership role in defining governmentwide human resource requirements, the principal responsibility for workforce planning is with the individual agencies.

Our work over the past 2 fiscal years showed that workforce planning problems were affecting mission effectiveness in FAA's air traffic control system, Social Security's ADP operations, and EPA's Superfund program. In addition, we have identified the need for better information on the quality of the federal workforce and on the operations of individual agencies' workforces.

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## Mission Accomplishment in the FAA Can Be Enhanced Through Effective Workforce Planning

Every day about 1 million people travel on more than 16,000 scheduled airline flights in the United States. How safe their travel may be depends in part on the work of federal employees working for FAA. Staffing shortages at FAA have raised questions in Congress over how well FAA is overseeing aviation safety. Problems with FAA's human resource planning and management contributed toward staffing shortages and other difficulties with air traffic control, airline inspection, and air traffic equipment maintenance and repair programs.

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<sup>20</sup>Federal Personnel: Views From Two Agencies on Why More Employees Did Not Join the New Retirement System (GAO/GGD-88-52FS, Mar. 11, 1988).

(AOU) for all special agents because their hours of duty are not subject to administrative control, and agents must do substantial amounts of irregular work or occasional overtime work to satisfactorily discharge their duties. In June 1988 we reported on the use of overtime at the FBI and found that:

- Nearly all special agents, regardless of location or responsibilities, receive the maximum amount of AOU payments allowed by law. These overtime payments come to about \$6,300 per agent annually.
- When adjusted for inflation, FBI overtime costs over a 10-year period remained essentially the same.
- The FBI uses acceptable methods of documenting overtime hours, and over the past 5 years internal investigations have substantiated only three cases of falsified overtime.<sup>16</sup>

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## Fringe Benefits Are a Significant Part of Employee Compensation

Fringe benefits constitute a significant portion of an employee's compensation and are a major cost to the government. In the past 2 fiscal years we reported and testified on several aspects of the federal employees benefit package. Our reviews covered the comparability of federal health benefits with the private sector, the costs of unpaid leave, our own parental leave policy, and the Federal Employees Retirement System (FERS).

In the area of health benefits, we reported in December 1986 on our comparison of coverage for selected health benefits in the federal and private sectors for a 6-year period (1980-85). Our comparison showed that in 1985 federal enrollees were more likely than private sector employees in medium and large firms to be covered for routine physical and hospice care and to have catastrophic protection, but they were less likely to be covered for dental, home health, alcohol and drug abuse treatment, and extended care services. Further, our 6-year comparison showed that federal enrollees paid more of their health care costs in premiums, deductibles, and coinsurance than did enrollees in the private sector. The 6-year trend data also indicated that private sector benefits were more stable than the federal benefits.<sup>17</sup>

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<sup>16</sup>Federal Workforce: Overtime Pay Practices of the Federal Bureau of Investigation (GAO/GGD-88-94, June 13, 1988).

<sup>17</sup>Health Insurance: Comparison of Coverage for Federal and Private Sector Employees (GAO/HRD-87-32BR Dec. 31, 1986).

Management and Budget, OPM, and the Secretary of Labor) on the basis of the Bureau of Labor Statistics' annual National Survey of Professional, Administrative, Technical, and Clerical Pay in the private sector. Fiscal year 1987 marked the ninth straight year that a President proposed, and Congress did not disapprove, alternative pay rates that were lower than the comparability adjustments indicated by the Pay Agent's analysis. From 1985 to 1986, the average pay gap determined by the Pay Agent for all General Schedule grades increased from 19 to 23.8 percent. However, the President and Congress agreed to limit the fiscal year 1987 pay raise to 3 percent, effective January 1987. The last time the General Schedule workforce received salaries comparable to those paid in the private sector was in 1977.

Changes implemented since 1984 include (1) surveying additional occupations and occupational levels; (2) comparing only permanent, regular-rate employees rather than all General Schedule employees; (3) using median rather than mean salaries; and (4) obtaining data from smaller establishments and additional industries. All but one of the changes resulted in a reduction of the calculated pay gap between federal and private sector salaries.

We reported that the changes improved the accuracy of pay comparability determinations by including more occupations and establishments in the survey to make it more representative of occupations and salary rates in both the federal and private sectors. In addition, Congress has directed that the annual survey be replaced with an even broader one that would provide information on white-collar fringe benefits as well as on salaries.

Further evidence of the concern over the federal pay structure was illustrated in hearings held on a bill proposing a study of pay equity in the federal government. In testimony we gave in April 1987,<sup>14</sup> we did not take a position on the desirability of a federal pay equity study. However, we said that the proposed legislation (S. 552) reflected many of the suggestions made in a report we issued in March 1985 on how such a study could be constructed. The bill's prescription to use both job evaluation and economic analysis techniques was consistent with the report's findings. The bill's designation of a Commission on Compensation Equity to oversee the proposed study was generally consistent with the report's conclusion that a steering committee would be needed to resolve policy

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<sup>14</sup>S. 552—The Federal Employee Compensation Equity Act of 1987 (GAO/T-GGD-87-14, Apr. 22, 1987).

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## Competitive Compensation Is Critical to Maintaining a Quality Workforce

To recruit and retain a quality federal workforce in a competitive labor market, the federal government must pay competitive salaries and benefits. The workforce's changing demographics and the competition from the private sector for individuals with critical skills is hurting the federal government's ability to maintain the quality it needs to be effective. Merit principles require that equal pay should be provided for work of equal value, with appropriate consideration for national and local rates paid by employers in the private sector and with appropriate incentives and recognition provided for excellent performance.

Our work in the area of federal compensation indicates that the federal government's pay and benefits structure has serious implications for the quality of the federal workforce. We reported and testified on several aspects of federal pay and benefits during the past 2 fiscal years. Our reports covered such issues as noncompetitive executive salaries, improvements to the pay comparability process, methods for doing a pay equity study, overtime pay practices for selected occupations, and employee benefits.

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## Executive Compensation Problems Still Remain and Could Have Long-Term Implications

In November 1986, we provided a statement on the need to raise the salaries of top government officials to the Commission on Executive, Legislative and Judicial Salaries.<sup>11</sup> We agreed with the Commission's observation of the previous year that by any reasonable standard of comparison the salaries of key officials—judges, executives, and Members of Congress—were too low. We noted that federal executive pay had lost ground to inflation, while private sector executives' salaries had gained significantly and had more than doubled the gap in constant dollars since 1969. With the introduction of the new Federal Employees Retirement System (FERS), the likelihood of the federal government losing its most marketable employees in the future will become greater if federal pay is not competitive with the private sector. FERS provides far greater portability of benefits between the government and nongovernment sectors. Consequently, in future years a decision to leave government service involves a smaller sacrifice in future retirement security. We noted that some aspects of the pay problem were not as severe as they were a few years ago. For example, compression of salaries between executives and managers has been lessened.

Along with the reasons for granting pay increases to top officials, we expressed our concern that the Commission should address the issue of

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<sup>11</sup>Federal Executive Pay (GAO/T-GGD-87-1, Nov. 3, 1986).

IPA assignments can be made for up to 2 years (an extension for an additional 2 years can be made with the approval of the agency head). Under an IPA assignment, employees continue to be paid by the organization from where they came, and NSF reimburses the organization for the amounts negotiated in the form of grant awards. Salary levels for nonfederal IPA participants in SES positions (who could be paid in excess of the salary ceiling set for the SES) in NSF were generally higher than for SES positions occupied by career members of the SES in recent years.

## FAA

Serious recruiting and staffing problems continue to affect FAA's air traffic control program. We reported in September 1988 that FAA would not meet its congressionally mandated goal of controllers at the full performance level in fiscal year 1988.<sup>8</sup> Rapidly increasing the number of full performance level controllers is difficult because it takes almost 3 years of training to reach that status. FAA was attracting fewer high-quality controller candidates than in the past, and training losses were affecting the agency's ability to meet staffing goals. FAA was experiencing more trainee attrition at its busiest facilities than at lower level facilities. We found that the placement of FAA Academy graduates following their initial training contributes to attrition because a graduate's demonstrated performance level is not matched with a facility's air traffic activity.

We also found that FAA does not have a national recruitment policy other than meeting congressionally mandated staffing targets. Further, its recruiting process relied on individual regions and was not centrally coordinated or targeted towards those candidates most likely to succeed as air traffic controllers. In addition, FAA's staffing process was lengthy and cumbersome. Preemployment processing took, on the average, 11.5 months. We recommended that FAA develop a national recruitment strategy and that it place FAA Academy graduates at field facilities according to their performance during the screening program. FAA announced plans to establish a national recruitment strategy in January 1989.

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## Demonstration Projects Address Recruitment and Retention Problems

In an effort to improve its ability to attract and retain highly qualified staff by setting and adjusting compensation levels comparable to those of the private sector, the National Institute of Standards and Technology (NIST), formerly the National Bureau of Standards (NBS), and OPM began a

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<sup>8</sup>FAA Staffing: Recruitment, Hiring, and Initial Training of Safety Related Personnel (GAO/RCED-88-189, Sept. 2, 1988).

reported that IRS' efforts to hire the additional revenue agents authorized by Congress were adversely affected by the timing of the supplemental appropriation and by IRS' inability to offer competitive salaries to college graduates.<sup>3</sup>

The fiscal year 1986 supplemental appropriation, which provided funds to enable IRS to hire the additional revenue agents before the start of fiscal year 1987, was enacted in July 1986. Therefore, even though IRS recruited for revenue agents early in 1986, it could not make firm job commitments and thus hire those agents until July—after the supplemental appropriation was approved. IRS officials said that potential job applicants with accounting degrees often receive commitments and accept job offers before June graduation, which limits the pool of applicants available. IRS' ability to make firm offers before graduation is even more important because IRS cannot offer accounting graduates salaries that are competitive with those offered in most of the private sector. Officials say this is especially true in certain large metropolitan areas, such as New York City.

We reported in July 1988 that IRS is experiencing problems with maintaining quality when making adjustments to tax refunds and in the handling of taxpayer correspondence.<sup>4</sup> The quality problems are in part due to the high turnover of tax examiners. IRS is having difficulty retaining experienced tax examiners due in part to the low salaries for the level of work expected. The knowledge and skills a tax examiner is expected to have are extensive, yet the starting pay is between \$13,000 and \$15,000 a year. We recommended that IRS determine if the qualifying requirements used when recruiting tax examiners need to be revised.

In October 1987 we reported on employee turnover in EPA's Superfund program.<sup>5</sup> Turnover rates that had been below that of other federal employees in 1984 and 1985 more than doubled in fiscal year 1986, surpassing governmentwide rates. While we did not assess all possible reasons for the turnover, we did determine that pay was a key factor in Superfund employees' deciding to leave. We found that pay for federal attorneys, chemists, and engineers—three key Superfund occupations—

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<sup>3</sup>Tax Administration: IRS' Implementation of the 1987 Revenue Initiative (GAO/GGD-88-16, Dec. 2, 1987).

<sup>4</sup>Tax Administration: IRS Service Centers Need To Improve Handling of Taxpayer Correspondence (GAO/GGD-88-101, July 13, 1988).

<sup>5</sup>Superfund: Improvements Needed in Workforce Management (GAO/RCED-88-1, Oct. 26, 1987).

recruiting initiative in June 1988, which was to be effective in the spring of 1989.

We provided our observations on that initiative in July 1988 in congressional testimony.<sup>1</sup> While we supported OPM's effort to improve the government's recruiting and hiring process, we could not react more specifically because many details about the process were unknown. The new initiative we observed consists of two broad components: a series of attractive recruiting brochures to provide better job information to applicants and a proposed new hiring process for federal agencies. The proposed hiring process would give agencies the ability to more quickly hire prospective employees into federal positions, particularly those applicants with demonstrated academic achievement.

Under the proposal applicants with a college grade point average of 3.0 or better will be eligible for employment without taking a test. Agencies will be able to recruit and select such applicants directly. Other applicants can qualify for positions by taking a written test in one of a number of major occupational fields, such as financial and program management. The tests will be job related but will also include an evaluation of candidates' civic virtue and moral character. This evaluation will be based on an Individual Achievement Record designed by OPM to measure what individuals have been able to accomplish with the opportunities they have been given.

We concluded that a number of questions existed about OPM's hiring initiative. They can only be answered as the details are completed and pending litigation, which was initiated by the National Treasury Employees Union, is resolved. For example:

- How will the proposed direct hiring process comply with merit principles requiring fair and open competition, and how much flexibility will agencies have in using the process?
- How will special emphasis programs requiring hiring preferences for persons such as veterans and the disabled be accommodated, particularly under the direct hiring of applicants with demonstrated academic achievement?
- How many examinations will be required to test prospective employees who do not have a high grade point average?

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<sup>1</sup>GAO Observations on OPM's June 1988 Initiative to Recruit and Hire Into the Public Service (GAO/T-GGD-88-48, July 12, 1988).

when appropriate and are reported in the context of merit system principles and prohibited personnel practices. These reports constitute GAO's reporting effort in compliance with Title I of the act.

In recent years, the issues of recruiting and staffing, pay and benefits, executive management and leadership, affirmative action, ethics, personnel systems integrity, training and performance management, as well as OPM's and MSPB's administration of various aspects of the civil service, have been recurring subjects in our reports. Many of our reviews have been on an individual agency and program basis, while others have taken a governmentwide perspective. We continue to report and testify on specific personnel issues that sporadically change due to political and economic factors, technology, and new concepts in human resource management.

This report includes the reports we issued or substantially completed during fiscal years 1987 and 1988. We did not initiate any new audit or evaluative work on the activities of OPM or MSPB in preparing this report. This report contains brief descriptions of reports we issued and statements of testimony on personnel issues presented before various congressional committees during fiscal years 1987 and 1988. All reports and statements are organized into four major categories to address the major issues confronting the public service: its quality, effectiveness, integrity, and stewardship.

# Introduction

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This report summarizes our findings and recommendations from fiscal years 1987 and 1988 on the management of the federal government's most valued resource—its employees. People problems affect agency performance, and the performance of the government's agencies affects the lives of every American citizen. Personnel management both in the government and in the private sector has undergone and continues to undergo evolution. It is now widely recognized in both the public and private sectors that people as employees are a resource and that the policies and management practices that govern their working lives affect the performance of the organizations for which they work.

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## Background

The Civil Service Reform Act of 1978 (CSRA) put into place fundamental management reforms in the federal government. Merit principles that had been evolving over the years were codified; prohibited personnel practices were defined; greater flexibility in managing the government's human resources was provided for; new tools to motivate subordinate supervisors and employees were created; a comprehensive personnel system for executives was established; and an organizational structure better equipped to support efforts to achieve good management of government programs was put into place.

This structure consists of two components—the Office of Personnel Management (OPM), and the Merit Systems Protection Board (MSPB). Reorganization Plan No. 2 of 1978 and CSRA replaced the Civil Service Commission with OPM, MSPB, the Office of Special Counsel (OSC), and the Federal Labor Relations Authority. (OSC is an independent component within the MSPB.) A major reason for the reorganization was to eliminate the conflicting roles of the Civil Service Commission as both rulemaker and adjudicator. The Commission had previously functioned as both the government's chief personnel office and management agent and as the final administrative review authority in employee appeals.

The effectiveness of OPM as a central management agency and OPM's relationship with line agencies in achieving the goals of the CSRA have been continuing concerns of ours since the passage of CSRA. In January 1989 we reported on our management review of OPM. The report covers (1) planning for future workforce needs, (2) acquiring a quality workforce, (3) improving individual and organizational performance, and (4) ensuring the protection of merit and oversight of personnel activities. In addition to the management review, we have issued 82 reports on OPM's and agencies' performances in managing various aspects of the civil service over the past 2 fiscal years.

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## Enhancing the Integrity of the Public Service

The public service must have the respect and confidence of the public it serves. GAO has found that post-employment conflict of interest requirements must be better administered. Improvements are needed in administering the Ethics in Government Act at the Department of Justice and in the Office of Government Ethics.

The integrity of administrative procedures and systems has been impaired in several instances. Improper or questionable actions on the part of federal agencies were identified in the detailing of employees to the White House, personnel actions at the Bureau of Indian Affairs, and in the circumvention of salary limitations at the Tennessee Valley Authority.

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## Strengthening the Stewardship of the Public Service

Governmentwide human resource problems are becoming serious. OPM has recently begun to exercise more of a leadership role in managing the government's human resources. However, OPM must provide sustained attention to the many problems facing the federal establishment. OPM has not extensively used research and demonstration projects to improve the operations of the federal workforce. At the agency level, GAO identified numerous efforts to use innovative human resource management practices.

OPM's Personnel Management Evaluation Program, its principal means of monitoring agencies' compliance with government personnel procedures, is not seen as effective by agency personnel managers.

OPM provided guidance and assistance to agencies in the successful implementation of the new Federal Employees Retirement System, but better guidance was needed in the implementation of the federal government's drug-testing program.

The Board has improved its performance in the processing of employees' appeals. Its procedures for awarding court reporting contracts were found to be in compliance with existing laws and procurement regulations.

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## Recommendations and Agency Comments

Because this report summarizes reports GAO has already issued, GAO is not making recommendations.

Specific recommendations and agency comments can be found in the separate GAO reports listed on pp. 68-73.

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# Executive Summary

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## Purpose

Management of the federal government's most valuable resource, its employees, affects the quality of the services it delivers to the public. Overseeing the management of the federal workforce has been assigned to a number of federal entities, including the Office of Personnel Management (OPM) and the Merit Systems Protection Board.

Title I of the Civil Service Reform Act of 1978 (CSRA) requires GAO to report to the President and Congress on the significant activities of OPM and the Board, particularly as these activities relate to merit system principles and prohibited personnel practices. This report summarizes major issues affecting the public service, drawn from 82 reports that GAO issued primarily in fiscal years 1987 and 1988 on OPM, the Board, and other agencies.

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## Background

The manner in which the federal civilian workforce is managed was fundamentally changed in 1978. The Civil Service Commission was abolished and replaced by OPM, the Board, the Office of Special Counsel, and the Federal Labor Relations Authority. CSRA reoriented the federal government's personnel policies, codified its merit principles, and defined its prohibited personnel practices.

The intent of civil service reform was to assure a more competent, honest, and productive federal workforce. Its goal is to have a civil service that reflects the Nation's diversity, that improves the quality of public service, and that is administered consistent with merit system principles and free of prohibited personnel practices. Ten years later the federal workforce faces the difficult obstacles of noncompetitive pay, poor public image, and a relatively inflexible personnel management system.

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## Results in Brief

GAO's work confirms that the state of the public service is not what it needs to be and, as a result, programs and services have suffered. Some deficiencies and problems were caused by the federal government's inability to consistently

- assure the quality and effectiveness of its workforce by providing competitive pay, effective planning and recruitment, competent leadership, and adequate performance management (pp. 11, 53);
- enhance the integrity of the public service by effectively curtailing conflicts of interest and enhancing the integrity of administrative systems (p. 44); and

